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UBOX

BEIJING UBOX ONLINE TECHNOLOGY CORP.

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 2429

2024 ANNUAL REPORT

CONTENTS

"2020 INCENTIVE SCHEME"	Our share incentive scheme adopted in 2020, the details of which are set out in "History and Development – 2020 Incentive Scheme and Pre-IPO Incentive Scheme" in the Prospectus
"AGM"	the annual general meeting of the Company to be held on Wednesday, May 28, 2025
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Auditor"	the auditor of the Company
"Board"	the board of Directors
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	Beijing UBOX Online Technology Corp. 北京友寶在線科技股份有限公司, a limited liability company incorporated in the PRC on March 1, 2012 and converted into a joint stock company with limited liability on September 10, 2015
"Director(s)"	the director(s) of the Company
"FMCG"	fast-moving consumer goods
"Global Offering"	the global offering of the Shares in connection with the Listing
"GMV"	gross merchandise value, the total value (inclusive of value-added tax) of all merchandise sold at Ubox POSs under our unmanned retail business
"Group", "our Group", "we", "our" or "us"	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"H Share(s)"	overseas listed foreign Shares in the share capital of our Company with a nominal value of RMB1.0 each, which are to be traded in HK dollars and are to be listed on the Hong Kong Stock Exchange
"HK$", "Hong Kong dollars", "HK dollars" or "cents"	Hong Kong dollars, the lawful currency of Hong Kong

"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons or associates of our connected persons as defined under the Listing Rules
"Latest Practicable Date"	April 24, 2025, being the latest practicable date prior to the bulk printing and publication of this annual report
"Listing"	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	November 3, 2023, on which the H Shares were listed on the Hong Kong Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"mainland China"	the People's Republic of China excluding Hong Kong, Macau Special Administrative Region and Taiwan region
"merchandise wholesale customer(s)"	primarily being vending machine operator(s) that purchase(s) merchandise from us on a wholesale basis
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"Non-Ubox POS(s)"	POS(s) that are connected to our operation system and are operated by Non-Ubox POS operators
"Non-Ubox POS operator(s)"	third-party operators who operate Non-Ubox POSs
"POS(s)"	point(s) of sale for vending machine(s)
"POS network"	comprising Ubox POSs and Non-Ubox POSs

"POS partner(s)"	individual(s) and entity(ies) who assist(s) with sourcing and establishing POSs
"PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as enacted by the Standing Committee of the Eighth National People's Congress on December 29, 1993 and effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time
"PRC Law"	the laws and regulations of the PRC, without reference to the laws and regulations of Hong Kong and Macao Special Administrative Region and the relevant regulations of Taiwan region
"Pre-IPO Incentive Scheme"	our share incentive scheme adopted on May 31, 2021, the details of which are set out in "Statutory and General Information – D. Share Incentive Scheme – 1. Pre-IPO Incentive Scheme" in Appendix IV to the Prospectus
"Prospectus"	the prospectus of the Company dated October 24, 2023
"R&D"	research and development
"Reporting Period"	the year ended December 31, 2024
"restaurant model partner(s)"	POS partner(s) who assist(s) with the operation of POSs at restaurants and, to a lesser extent and on a case-by-case basis, certain other types of locations such as gyms and cinemas, and is/are entitled to keep the difference between the transaction GMV and a predetermined merchandise price agreed with us, which is different from our profit sharing and fees arrangement with other POS partners
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Future Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of our Company
"Supervisory Committee"	the board of supervisory committee of the Company

"Ubox POS(s)"	POS(s) operated by us under our direct operation model and partner model
"Unlisted Shares"	ordinary Shares in the share capital of our Company with a nominal value of RMB1.0 each, which are not listed in any stock exchange
"%"	percent

In this report, the terms "associate," "close associate," "connected person," "connected transaction," "continuing connected transaction," "controlling shareholder," "core connected person," "subsidiary", "insignificant subsidiary", and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

If there is any inconsistency between the Chinese names of the laws and regulations, governmental authorities, institutions, natural persons, entities or enterprises established in the PRC mentioned in this report and their English translations, the Chinese names shall prevail. The English translations of such Chinese names are provided for identification purposes only.

Certain amounts and percentage figures included in this report have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Bin *(Chairman and Chief Executive Officer)*
Mr. Chen Kunrong
(resigned with effect from January 11, 2024)
Mr. Yu Lizhi
Ms. Cui Yan
Mr. Chao Hua
(appointed with effect from May 21, 2024)

Non-executive Directors

Mr. Zhu Chao
Ms. An Yufang

Independent Non-executive Directors

Mr. Wang Xiaochuan
(retired with effect from May 21, 2024)
Ms. Guo Wei
Mr. Zhang Chen
Mr. Zhang Changhao
(appointed with effect from May 21, 2024)

AUDIT COMMITTEE

Ms. Guo Wei *(Chairlady)*
Mr. Wang Xiaochuan
(retired with effect from May 21, 2024)
Mr. Zhang Changhao
(appointed with effect from May 21, 2024)
Mr. Zhang Chen

REMUNERATION COMMITTEE

Mr. Wang Xiaochuan
(retired with effect from May 21, 2024)
Mr. Zhang Changhao *(Chairman)*
(appointed with effect from May 21, 2024)
Mr. Yu Lizhi
Ms. Guo Wei

NOMINATION COMMITTEE

Mr. Wang Xiaochuan
(retired with effect from May 21, 2024)
Mr. Wang Bin *(Chairman)*
Ms. Guo Wei
Mr. Zhang Changhao
(appointed with effect from May 21, 2024)

SUPERVISORS

Ms. Qin Yi
Mr. Huang Ronghui
Mr. Qi Rupeng

JOINT COMPANY SECRETARIES

Ms. Cui Yan
Ms. Hui Yin Shan
(resigned with effect from August 19, 2024)
Ms. Lai Ho Yan
(appointed with effect from August 19, 2024)

AUTHORIZED REPRESENTATIVES

Ms. Cui Yan
Ms. Hui Yin Shan
(resigned with effect from August 19, 2024)
Ms. Lai Ho Yan
(appointed with effect from August 19, 2024)

HONG KONG LEGAL ADVISORS

Han Kun Law Offices LLP
Rooms 4301-10, 43/F
Gloucester Tower, The Landmark
15 Queen's Road Central
Hong Kong

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central
Hong Kong

COMPLIANCE ADVISER

Guotai Junan Capital Limited
26/F-28/F Low Block Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

REGISTERED OFFICE

Room 128
Yunkai Real Estate Office Building
No. 8 Kangbao Road
Economic Development Zone
Miyun District
Beijing
PRC

HEADQUARTER

4th Floor, Tower A
Tagen Knowledge & Innovation Center
West Second Shenyun Road
Nanshan District
Shenzhen
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1922, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

COMPANY'S WEBSITE

www.uboxol.com

H SHARE REGISTRAR

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

PRINCIPAL BANKS

Hua Xia Bank Co., Ltd.
Shenzhen Branch
Zhongzhou Building 1-12/F
Jintian Road No. 3088
Futian Street
Futian District
Shenzhen
PRC

China Merchants Bank Co., Ltd.
Shenzhen Keyuan sub-branch
EVOC Technology Building 1F
Gaoxin Middle Fourth Road No. 31
Nanshan District
Shenzhen

Bank of China Co., Ltd.
Shenzhen High-tech Zone Sub-branch
Lenovo Building 1F
Gaoxin South First Road 16-1
Nanshan District
Shenzhen

STOCK CODE

2429

FINANCIAL SUMMARY AND OPERATING METRICS

Condensed consolidated statement of comprehensive loss

	For the year ended December 31,				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	**2,918,867**	2,672,020	2,519,224	2,676,237	1,902,010
Cost of sales[1]	**(1,877,600)**	(1,583,351)	(1,442,488)	(1,575,113)	(1,343,449)
Gross Profit	**1,041,267**	1,088,669	1,076,736	1,101,124	558,561
Operating loss[2]	**(176,833)**	(299,457)	(243,670)	(167,006)	(1,135,708)
Loss before income tax	**(191,838)**	(313,998)	(272,256)	(184,615)	(1,171,524)
Loss for the year	**(210,738)**	(319,473)	(283,069)	(188,194)	(1,184,196)
(Loss)/profit attributable to:					
– Owners of the Company	**(197,276)**	(327,295)	(284,529)	(185,000)	(1,172,461)
– Non-controlling interests	**(13,462)**	7,822	1,460	(3,194)	(11,735)
Adjusted net loss (non-HKFRS measure)	**(115,358)**	**(202,394)**	**(260,992)**	**(170,283)**	**(973,278)**

Notes:

1. Consists of (i) cost of inventories sold, (ii) bank and payment charges, (iii) taxes and surcharges and others.

2. Operating (loss)/profit represent gross profit net of (i) selling and marketing expenses, (ii) general and administrative expenses, (iii) research and development expenses, (iv) net impairment loss on financial assets, (v) other income and (vi) other losses, net.

Condensed consolidated statement of financial position

	As of December 31,				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Assets					
Non-current assets	**562,970**	740,328	1,000,862	1,151,214	1,165,806
Current assets	**724,235**	772,330	518,007	785,396	1,032,918
Total assets	**1,287,205**	1,512,658	1,518,869	1,936,610	2,198,724
Liabilities					
Non-current liabilities	**14,673**	13,643	23,337	42,957	114,406
Current liabilities	**466,628**	527,080	493,596	609,487	615,400
Total Liabilities	**481,301**	540,723	516,933	652,444	729,806
Total equity	**805,904**	971,935	1,001,936	1,284,166	1,468,918

OPERATING METRICS

	As of December 31,				
	2024	2023	2022	2021	2020
	Unit	*Unit*	*Unit*	*Unit*	*Unit*
Ubox POSs by city tier					
Tier one cities	**20,444**	19,117	19,929	21,572	15,836
New tier one cities	**23,889**	20,546	23,077	30,580	17,725
Tier two cities	**14,568**	12,719	14,405	22,097	15,228
Tier three cities	**6,163**	5,030	5,820	7,042	5,718
Others	**2,080**	2,309	3,001	3,848	3,960
Total	**67,144**	59,721	66,232	85,139	58,467

	As of December 31,				
	2024	2023	2022	2021	2020
	Unit	*Unit*	*Unit*	*Unit*	*Unit*
Ubox POSs by consumption scenario					
Schools	**18,070**	16,230	18,706	19,738	18,195
Factories	**15,925**	15,911	16,998	17,695	13,528
Office premises	**12,609**	12,381	13,876	14,113	11,059
Public venues(1)	**6,663**	7,550	8,751	9,877	9,063
Transportation hubs	**3,176**	1,618	2,265	3,587	3,773
Restaurants	**406**	723	1,636	16,490	129
Others(2)	**10,295**	5,308	4,000	3,639	2,720
Total	**67,144**	59,721	66,232	85,139	58,467

Notes:

1. Public venues include, among others, tourist attractions, parks, hospitals, shopping centers and sports venues.

2. Others primarily include hotels, local communities and residential apartments.

Dear Shareholders,

On behalf of the Board of Directors of Beijing UBOX Online Technology Corp. (hereinafter referred to as "UBOX" or "the Company"), I would like to report to you our consolidated results of the Company for the year 2024, and share with you our business developments and future strategic plans.

2024 was a year of determined progress and proactive transformation for the Group. Amid a complex and ever-changing market environment and intense industry competition, we remained steadfast in our mission to "enable consumers to enjoy convenient shopping experiences at anytime and anywhere". Through innovation-driven strategies, digital operations, and keen insights into market trends, we achieved remarkable success across multiple areas.

I. BUSINESS REVIEW AND ACHIEVEMENTS

(1) Expansion and Optimization of Our POS Network

As of December 31, 2024, the number of our Ubox POSs reached 67,144, representing a 12.4% year-on-year increase. This growth stems from our precise assessment of market potential and continuous optimization of POS network deployment strategies. We not only strengthened our presence in tier one, new tier one and tier two cities but also actively responded to rising consumption demands in lower-tier markets by gradually expanding into fast-growing tier three and below cities.

By penetrating into diverse consumption scenarios, including schools, factories, office premises and transportation hubs, we brought our smart retail terminals closer to consumers, offering them more convenient and efficient shopping options. Simultaneously, we focused on enhancing the efficiency of POSs by adjusting and optimizing underperforming locations through data analytics and on-site research. This ensured maximization of commercial value of each POS, laying a solid foundation for improving overall operational efficiency and profitability.

(2) Diversified Merchandise and Service Innovations

For merchandise, we continuously enriched our offerings to meet consumers' increasingly diverse needs. Beyond traditional fast-moving consumer goods like beverages and snacks, we introduced more personalized and high-quality products, such as trending snacks, health drinks, and fresh produce. By forging deep partnerships with renowned brands and developing proprietary products, we ensured both quality and stable supply of merchandise.

(3) Digital Operations and Technological Advancements

As a technology-driven smart retail company, digital operation is one of our core competitive advantages. In 2024, we increased our investments in research and development, focusing on enhancing data analytics, refining algorithms, and expanding data applications in operations. Through in-depth analysis of vast sales and consumer behavior data, we achieved precise sales estimation, intelligent inventory management, and personalized marketing strategies. These efforts not only reduced operational costs and improved inventory turnover, but also enabled us to respond swiftly to market changes, delivering products and services that better align with consumer needs. At the same time, we explored artificial intelligence-powered recognition technologies and backend algorithms for unmanned retail through vending machines, such as improving product identification accuracy and optimizing smart restocking systems, laying the technological foundation for enhancing customer experiences and business expansion. For hardware, we continuously upgraded the structural design and functions of vending machines to improve durability, versatility, usability, and energy efficiency, ensuring adaptability to broader consumption scenarios.

II. CHALLENGES AND RESPONSES

Despite our achievements, we remained acutely aware of the challenges faced in 2024. Intensifying competition drove up POS acquisition costs, with fierce battles for market share in certain regions. Meanwhile, fluctuating raw material prices and rising logistics costs pressured cost control. In addition, evolving consumer demands and rapid technological advancements require continuing investments in innovation and business model optimization to maintain the leading position in the market.

To address these challenges, we took proactive measures. For expansion of POS network, we strengthened strategic cooperations through innovative cooperation model, such as collaboration with corporations in various scenarios, to achieve share of resources and reduce the POS acquisition costs. At the same time, we have strengthened market research and analysis to better understand market needs and consumption trends and improve the precision and reasonableness of our POS planning. For cost control, by optimising supply chain management, enhancing negotiation with suppliers and increasing logistic and delivery efficiency, we strived to reduce the procurement costs of raw materials and logistic expenses. Furthermore, we implemented streamlined management to enhance internal cost control, improve operation efficiency and reduce unnecessary expenses. For technology innovation and optimization of business model, we continued to increase investment in research and development, attract and nurture outstanding technical talents and strengthen cooperation with universities and research institutions to continuously enhance the Group's technological innovation capabilities. At the same time, we remained vigilant to industry development and market changes, proactively explored new business models and revenue drivers such as community retail expansion and online-offline integration (O2O) to unlock growth opportunities and fuel the Group's sustainable development.

III. FUTURE OUTLOOK AND STRATEGIC PLANS

Looking ahead, we are confident in the growth potential of unmanned retail. Fueled by consumption upgrades, technological advancements, and rising consumer demand for convenient shopping, the unmanned retail market has significant growth potential. We will continue to uphold our development philosophy of innovation, efficiency and mutual benefits. Through technology-driven solutions and market demand, we will continue to optimize our business structure, enhance operational efficiency and create greater value for our Shareholders.

(1) Deepening POS Network Deployment

We will actively expand our POS network, consolidate our existing market share while further penetrating into lower-tier cities to expand market coverage. At the same time, we will place greater emphasis on enhancing and optimizing the quality of our POSs. Through data analytics and market research, we will precisely identify high-potential locations to improve profitability and operational efficiency of our POSs. In addition, we will also actively explore diversified collaborations across various industries and sectors. By establishing long-term, stable cooperation with commercial real estate enterprises, property management companies, community organizations and other stakeholders, we aim to jointly build a more robust unmanned retail ecosystem.

(2) Sustaining Merchandise and Service Innovation

We will continue to align with consumer trends by diversifying our product assortment and introducing innovative and personalized offerings to meet increasingly varied consumer demands. At the same time, we will enhance quality control of merchandise through more stringent procurement standards and robust inspection systems, ensuring the safety and quality of all products provided to consumers. In terms of services, we will prioritize consumer experience enhancement by continuously optimizing the functions and service processes of smart vending machines.

(3) Advancing Research and Development of Technology

Technological innovation will remain the core driver of our growth. Moving forward, we will further increase investment in research and development, with a focus on applying cutting-edge technologies such as artificial intelligence, big data and the Internet of Things ("IoT") to the unmanned retail sector. By continuously enhancing our data analytics capabilities and optimizing algorithmic models, we aim to achieve more accurate sales estimation, inventory management, and marketing strategy formulation. Meanwhile, we will accelerate the implementation of AI recognition technology in our vending machines to improve product identification accuracy and settlement speed, thereby enhancing the consumer experience. In addition, we will actively explore IoT applications for remote equipment monitoring, intelligent maintenance, and energy management to reduce operational costs and enhance equipment efficiency.

(4) Diversifying Business Operations

In response to market changes and industry competition, we will actively diversify our business operations to identify new profit growth drivers. On one hand, we will strengthen collaborations with e-commerce platforms to achieve online-offline integration, which will expand our sales channels through digital platforms while enhancing brand recognition and market influence. On the other hand, we will explore the development of new business models such as community group purchase and unmanned convenience stores to meet consumer needs across diverse shopping scenarios. Furthermore, we will leverage our technological and operational expertise in smart retail to provide business partners with comprehensive unmanned retail solutions, including equipment sales or leasing, system development and operational management service, which in turn extends our business frontiers to achieve diversified growth.

Lastly, I would like to extend our deepest gratitude to Shareholders for their unwavering support. Together, let us forge a brighter future for UBOX Online!

Wang Bin

Hong Kong, March 31, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2024, we strategically promoted the sales of customized merchandise and channel-limited merchandise through our unmanned retail business and merchandise wholesale. A customized merchandise is the customized product we ordered directly from the third party manufacturers based on specific demand of our customers in response to consumer's needs and preferences in unmanned retail scenario. A channel-limited merchandise is a product only available in a specified sales channel. A channel-limited merchandise can be labeled to enhance marketing targeting and precision. We believe that customized merchandise and channel-limited merchandise allow us (i) to efficiently implement channel control and marketing strategies to attain a higher gross profit margin; and (ii) to control both the cost and the quality of the merchandise.

During the year ended December 31, 2024, the Group revised its internal segment reporting to include four reportable segments: (i) unmanned retail business, (ii) merchandise wholesale, (iii) advertising and system support services and (iv) others. The segment of vending machine sales and leases was reclassified to present in segment of others. Accordingly, the classification of segment has been adjusted retrospectively for the year ended December 31, 2023 and prior period comparatives have been revised to conform with the current period presentation.

In 2024, the Group recorded total revenue of approximately RMB2,918.9 million, representing a year-on-year growth of 9.2%; the Group recorded gross profit of approximately RMB1,041.3 million, representing a year-on-year decrease of 4.4%; loss for the year attributable to equity shareholders of the Company amounted to approximately RMB197.3 million, representing a year-on-year decrease of 39.7% from approximately RMB327.3 million in 2023; the Group's adjusted net loss (non-HKFRS measure) amounted to approximately RMB115.4 million, representing a year-on-year decrease of 43.0%.

As of December 31, 2024, the number of our Ubox POSs was 67,144, representing a year-on-year increase of 12.4%; the number of our POS partners (excluding restaurant model partners) was 2,114, representing a year-on-year increase of 9.4%; the number of restaurant model partners was 444, representing a year-on-year decrease of 36.9%; the number of Non-Ubox POSs was 15,749, representing a year-on-year increase of 12.1%.

Unmanned retail business

In 2024, we continued to engage in the sales of FMCG through vending machines through our vast network of Ubox POSs across mainland China, supported by our data-driven operation system. We continued to offer consumers swift and convenient access to a broad selection of FMCG, including bottled beverages, snacks and freshly brewed coffee and other beverages.

The major categories of our vending machines included:

- *Pick-and-go cabinet*, our latest vending machine model that is equipped with the latest hardware technologies, structure design and lighting and combined use of biometric authentication, credit assessment algorithm and IoT technologies. It automatically detects merchandise that has been removed and check out when the consumer closes the door, simplifying the transaction process and creating a new, hassle-free consumption experience.

- *Beverage vending machine*, a vending machine that is equipped with a touch screen and biometric authentication device, it is designed to offer consumers an optimal experience in purchasing canned and bottled beverages. Our beverage vending machine is equipped with built-in biometric authentication device, allowing it to interact with the consumers' electronic wallets which support biometric authentication. It also has a dynamic energy saving system that is capable of heating and cooling the merchandise, which allows operators to adjust the category of merchandise based on seasonal needs.

- *Beverage and snack vending machine*, a vending machine that suits various consumption scenarios. With expandable inner cabinet volume, the beverage and snack vending machine can accommodate a broad range of merchandise, including fragile items and merchandise with irregular packaging. With adjustable shelf and rack spaces, and the capability of cooling the merchandise, it has the versatility to adapt to a wide range of scenarios, allowing operators to adjust the category of merchandise based on a range of factors, including seasonal needs.

- *Freshly brewed beverage vending machine*, a machine developed by us, that can serve consumers with a wide selection of freshly brewed beverages on demand, including freshly ground and capsule coffee, tea, juice, chocolate and other special drinks such as milk tea and Chinese sweet soup.

The table below sets forth the number of Ubox POSs by type of vending machines as of the dates indicated:

	As of December 31,		Year-on-year
	2024	2023	change
	Unit	Unit	%
Vending machines by type			
Pick-and-go cabinets	**48,696**	36,861	32.1
Beverage vending machines	**15,131**	17,330	(12.7)
Beverage and snack vending machines	**1,386**	2,781	(50.2)
Freshly brewed beverage vending machines	**1,569**	2,363	(33.6)
Others[1]	**362**	386	(6.2)
Total	**67,144**	59,721	12.4

Note:

(1) Others include other types of machines such as orange juice machines and coconut juice machines.

The number of our Ubox POSs increased from 2023 to 2024, which was mainly because we had vigorously expanded POSs located in the communities and schools.

In line with the increase in the number of our Ubox POSs, our overall operation result had improved in 2024 and the average monthly GMV of our vending machines had slightly increased in the same period. The table below sets forth average monthly GMV of each type of our vending machines at Ubox POSs, excluding POSs of POS partners who are restaurant model partners, for the periods indicated:

	As of December 31,		Year-on-year
	2024	2023	change
			%
	(RMB per machine per month)		
Monthly GMV by type of vending machines			
Pick-and-go cabinets	**3,130**	2,746	14.0
Beverage vending machines	**4,224**	4,172	1.2
Beverage and snack vending machines	**6,903**	3,149	119.2
Freshly brewed beverage vending machines	**826**	947	(12.8)
Others[(1)]	**14**	1	1,300
Total	**3,327**	3,154	5.5

Note:

(1) Others include other types of machines such as orange juice machines and coconut juice machines.

The overall average monthly GMV of our vending machines, in particular, our pick-and-go cabinets and beverage and snack vending machines, increased during the Reporting Period primarily due to the renovation and upgrade of certain pick-and-go cabinets, which significantly increased in the inventory volume of the equipment, the number of stock keeping unit sold and revenue per replenishment, resulting in the increase in the sales per Ubox POSs. Also, we optimised our operation based on big data, including the formulation of merchandise assessment system and merchandise structure strategies, request for restock of best-selling merchandise and replacement of slow-moving merchandise, the attainment rate of the assessment of stock keeping unit of the vending machines, restocking cycle and assessment of the out-of-stock rate.

Merchandise wholesale

In 2024, in addition to selling directly to consumers through our retail platform, we also continued to sell merchandise to customers (who are typically vending machine operators) on a wholesale basis as our buyers rather than agents. We continued to leverage our data-driven operation network, procurement cost advantage resulting from bulk purchase and storage facilities to provide merchandise wholesale, which mainly comprised beverages and snacks, to our merchandise wholesale customers. As of December 31, 2023 and 2024, we had 1,196 and 1,851 merchandise wholesale customers, respectively. The number of our merchandise wholesale customers increased from 2023 to 2024 primarily due to the rapid expansion of our shared warehouse business by establishing warehouses in different cities and expanding the operation and delivery. The increase in the number of merchandise wholesale customers was in line with the increase in the revenue from merchandise wholesale during the Reporting Period.

Some of our merchandise wholesale customers were also our Non-Ubox POS operators, who operated vending machines that were connected to our operation system. As of December 31, 2023 and 2024, 312 and 1,379 of our merchandise wholesale customers were also our Non-Ubox POS operators, respectively. Such increase during the Reporting Period was primarily due to the reason discussed above.

Advertising and system support services

In 2024, we continued to leverage our technology and data analytics capabilities to support our digital advertising platform, which mainly consisted of provision of (i) merchandise display advertising services, and (ii) revenue derived from fees charged to the Group's Non-Ubox POSs operators for using its operation system. Our retail platform allowed us to provide advertisers with extensive reach across the country. We continued to allow advertisers to deliver engaging advertising experience to customers. As of December 31, 2024, we had 63 digital advertising service customers.

Others

In 2024, we continued to offer other services, which mainly comprised mobile device distribution services, vending machine sales and leases and others. These are currently not the focus of our business, and we do not expect significant growth in these business segments.

Mobile Device Distribution Services

In 2024, we continued our non-exclusive distribution arrangement with mobile phone manufacturers and offered unmanned mobile phones and accessories retail solutions to authorized resellers of major mobile phone manufacturers with our digitalization capabilities and our extensive experience in vending machine operations. In particular, we digitalized the delivery of mobile phones and accessories from mobile device resellers to consumers with our customized mobile device cabinets, namely (i) U-Buy Cloud Cabinet (優寶雲店) for the sales of mobile phones and accessories, and (ii) U-Buy Cloud Warehouse (優寶雲倉) for storage of mobile phones and accessories. Our U-Buy Cloud Cabinets and U-Buy Cloud Warehouses are equipped with 24-hour video surveillance and visual identification technologies to avoid damage or loss of merchandise. As of December 31, 2024, we had launched 803 U-Buy Cloud Cabinets and 3 U-Buy Cloud Warehouses in 661 offline stores operated by authorized resellers of major mobile phone manufacturers across mainland China. As of December 31, 2024, we cooperated with 19 resellers in our mobile device distribution services.

Vending machine sales and leases

In 2024, we continued to sell, lease and/or provide hardware support services, including machine installation and maintenance services, for vending machines to our Non-Ubox POS operator. In 2023 and 2024, the average selling price of vending machines sold was RMB5,010 and RMB5,095, respectively. The average selling price of vending machines increased in 2024, primarily because the proportion of beverage vending machines with relatively higher selling prices among the vending machines sold increased in the same period.

Others

In 2024, we continued to operate our network of karaoke booths. As of December 31, 2024, we had a total of 934 karaoke booths POSs under the direct operation model and 1,763 karaoke booths POSs under franchising model, situated in 262 cities in mainland China. We also continued to (i) sell, lease and/or provide hardware support services and (ii) provide operation system support to karaoke booth franchisees. As of December 31, 2024, we had 602 franchisees operating the karaoke booths under franchising model.

FINANCIAL REVIEW

Revenue

We generated revenue during the Reporting Period from (i) unmanned retail business, (ii) merchandise wholesale, (iii) advertising and system support services and (iv) others. Others mainly include mobile device distribution services, vending machine sales and leases and others across mainland China.

The table below sets forth our revenue by business segment for the periods presented:

	For the year ended December 31,				Year-on-year change
	2024		2023		
	RMB'000	%	RMB'000	%	%
Unmanned retail business	**1,965,459**	**67.3**	2,034,322	76.1	(3.4)
Merchandise wholesale	**552,819**	**18.9**	287,214	10.7	92.5
Advertising and system support services	**134,340**	**4.6**	115,556	4.3	16.3
– Digital advertising services	**122,683**	**4.2**	101,854	3.8	20.4
– Operation system support	**11,657**	**0.4**	13,702	0.5	(14.9)
Others	**266,249**	**9.2**	234,928	8.9	13.3
Total	**2,918,867**	**100.0**	2,672,020	100.0	9.2

- *Unmanned retail business*. Our revenue from unmanned retail business for the year ended December 31, 2024 amounted to approximately RMB1,965.5 million, representing a year-on-year decrease of 3.4%. The decrease was primarily due to (i) the impact of deteriorating economy and factories closure or relocations on the revenue from POSs located in factories, (ii) the impact of rainy season on the demand for beverages and (iii) some of the vending machines located in the airports have not commenced operations because the passenger volume of airports have not fully recovered.

- *Merchandise wholesale*. Our revenue from merchandise wholesale for the year ended December 31, 2024 amounted to approximately RMB552.8 million, representing a year-on-year increase of 92.5%. The increase was primarily due to the significant increase in the number of merchandise wholesale customers as a result of the active implementation of our shared warehouse initiative coupled with the increase in procurement from merchandise wholesale customers.

- *Advertising and system support services*. Our revenue from advertising and system support services for the year ended December 31, 2024 amounted to approximately RMB134.3 million, representing a year-on-year increase of 16.3%. The increase was primarily because of the increase in demand for advertising services.

- *Others*. Our revenue from other segments for the year ended December 31, 2024 amounted to approximately RMB266.2 million, representing a year-on-year increase of 13.3%. The increase was primarily due to the increase in revenue of our mobile phones distribution service following the optimization of our business strategies.

Cost of Sales

Our cost of sales increased by 18.6% from approximately RMB1,583.4 million for the year ended December 31, 2023 to approximately RMB1,877.6 million for the year ended December 31, 2024. The increase was primarily due to the increase in cost of inventories, which was in line with the increase in revenue from merchandise wholesale.

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margin by business segment for the periods indicated:

	For the year ended December 31,				
	2024		2023		
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Year-on-year change
	RMB'000	%	RMB'000	%	%
Unmanned retail business	**882,922**	**44.9**	931,561	45.8	(5.2)
Merchandise wholesale	**10,896**	**2.0**	11,049	3.8	(1.4)
Advertising and system support services	**132,347**	**98.5**	113,391	98.1	16.7
– Digital advertising services	**120,803**	**98.5**	99,734	97.9	21.1
– Operation system support	**11,544**	**99.0**	13,657	99.7	(15.5)
Others	**15,102**	**5.7**	32,668	13.9	(53.8)
Total	**1,041,267**	**35.7**	1,088,669	40.7	(4.4)

For the year ended December 31, 2024, we recorded a consolidated gross profit of approximately RMB1,041.3 million, representing a year-on-year decrease of 4.4%. Our consolidated gross profit margin for the year ended December 31, 2024 was 35.7%, representing a year-on-year decrease of 5.0 percentage points.

The above year-on-year changes in our gross profit and gross profit margin for the year ended December 31, 2024 were primarily due to the decrease in the gross profit margin of unmanned retail business and an increase in revenue contribution from merchandise wholesale and mobile device distribution services which typically recorded lower gross profit margin than other business segments.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 9.2% from approximately RMB1,125.7 million for the year ended December 31, 2023 to approximately RMB1,022.2 million for the year ended December 31, 2024. The decrease was primarily due to the decrease in (i) depreciation of fixed assets and right-of-use assets in 2024, (ii) POSs operation and development expenses, and (iii) amortization of share-based payment expenses.

General and Administrative Expenses

Our general and administrative expenses decreased by 42.0% from approximately RMB213.3 million for the year ended December 31, 2023 to approximately RMB123.8 million for the year ended December 31, 2024. The decrease was primarily due to the decrease in share-based compensation expenses and no listing expenses had been incurred for the year ended December 31, 2024.

Research and Development Expenses

Our research and development expenses decreased by 13.9% from approximately RMB29.0 million for the year ended December 31, 2023 to approximately RMB25.0 million for the year ended December 31, 2024. The decrease was primarily due to the decrease in employee benefit expenses as a result of the decrease in average headcount and number of research projects in 2024 and the decrease in amortization of share-based payment expenses.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets, which primarily comprised impairment losses on trade and other receivables, increased by 119.1% from approximately RMB5.3 million for the year ended December 31, 2023 to approximately RMB11.5 million for the year ended December 31, 2024. The increase was primarily due to the write-off of trade and other receivables which had been outstanding for a prolonged period and showed no prospect of recovery after various collection efforts.

Other Income

Our other income consists of (i) additional deduction of input value-added tax, (ii) interest income arising from other receivables and bank deposits, (iii) government grants, (iv) interest income from wealth management products, and (v) others. Our other income decreased by 31.6% from approximately RMB5.4 million for the year ended December 31, 2023 to approximately RMB3.7 million for the year ended December 31, 2024. The decrease was primarily due to the decrease in interest income.

Other Losses, Net

Our other net losses consist of (i) fair value changes on financial assets at fair value through profit or loss, (ii) impairment loss of goodwill, (iii) net losses on disposal of subsidiaries, (iv) net losses on disposal of property and equipment, (v) net foreign exchange gains/losses and (vi) others. Our other net losses increased by 94.4% from approximately RMB20.2 million for the year ended December 31, 2023 to approximately RMB39.3 million for the year ended December 31, 2024. The increase was primarily due to the fair value loss on financial assets at fair value through profit or loss and impairment loss on the goodwill relating to freshly brewed beverage vending machine business.

Finance Costs, Net

Our net finance costs consist of (i) interest income from bank deposits, (ii) interest expenses on lease liabilities and (iii) interest expenses on borrowings. Our net finance costs decreased by 73.0% from approximately RMB8.6 million for the year ended December 31, 2023 to approximately RMB2.3 million for the year ended December 31, 2024. The decrease was primarily due to the interest income from fixed deposits in 2024 while offset by the increase in finance costs.

Share of Results of Investments Accounted for Using the Equity Method

Our share of loss of investments accounted for using the equity method decreased by 44.0% from approximately RMB5.9 million for the year ended December 31, 2023 to approximately RMB3.3 million for the year ended December 31, 2024.

Impairment of Investments Accounted for Using the Equity Method

Our impairment loss of investments accounted for using the equity method for the year ended December 31, 2024 amounted to approximately RMB9.4 million and no impairment loss of investments accounted for using the equity method was incurred for the year ended December 31, 2023. The impairment loss of investments accounted for using the equity method for the year ended December 31, 2024 was primarily due to the deteriorating performance of the associate companies.

Income Tax Expenses

Our income tax expenses increased by 245.2% from approximately RMB5.5 million for the year ended December 31, 2023 to approximately RMB18.9 million for the year ended December 31, 2024. The increase in the income tax expenses was primarily due to the reversal of certain temporary differences previously recognized.

Loss for the Year

As a result of the foregoing reasons, our net loss for the year decreased by 34.0% from approximately RMB319.5 million for the year ended December 31, 2023 to approximately RMB210.7 million for the year ended December 31, 2024.

Non-HKFRS Measure: adjusted net loss

To supplement our financial information which are presented in accordance with HKFRS, we use non-HKFRS measure, namely, adjusted net loss, as additional financial measure, which is not required by, or presented in accordance with, HKFRS. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss may not be comparable to similarly titled financial measure presented by other companies. The use of such non-HKFRS measure has limitations as analytical tools, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS.

We define adjusted net loss as loss for the year adjusted by adding (i) share-based compensation expenses, (ii) fair value changes on financial assets at fair value through profit or loss, (iii) impairment loss of goodwill, (iv) impairment of investments accounted for using the equity method and (v) listing expenses. We exclude these items because they were non-operating in nature, non-recurring or not indicative of our core operating results. Share-based compensation expenses were non-cash in nature and did not result in cash outflow. Fair value changes on financial assets at fair value through profit or loss were non-cash in nature and did not have direct correlation to the operation of our business. Impairment loss of goodwill and impairment loss of investments accounted for using the equity method were non-cash items and there were no direct correlation to the operation of our business. Listing expenses were mainly expenses related to the Global Offering and incurred for the purpose of the Listing.

Due to the update of industry equipment which results in the significant decrease in the value of the vending machines at present and in the future, we have not presented EBITDA and adjusted EBITDA (non-HKFRS measure) in this report as we are of the view that presentation of such information will no longer provide meaningful information to investors and others in understanding and evaluating our consolidated results of operations.

The following table sets out adjusted net loss (non-HKFRS measure) and a reconciliation from loss for the year to adjusted net loss (non-HKFRS measure) for the periods indicated.

	For the year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Loss for the year	**(210,738)**	(319,473)
Add		
Share-based compensation expenses	**44,154**	84,026
Fair value changes on financial assets at fair value through profit or loss	**21,100**	800
Impairment loss of goodwill	**20,775**	–
Impairment of investments accounted for using the equity method	**9,351**	–
Listing expenses	**–**	32,253
Adjusted net loss (non-HKFRS measure)	**(115,358)**	(202,394)

For the year ended December 31, 2024, our adjusted net loss (non-HKFRS measure) amounted to approximately RMB115.4 million, representing a decrease of approximately RMB87.0 million or 43.0% as compared with approximately RMB202.4 million for the year ended December 31, 2023, which was mainly due to the improvement in operating results in 2024.

Liquidity and Capital Resources

We have maintained a comprehensive treasury policy, detailing specific functions and internal control measures for capital use. These functions and measures include but are not limited to procedures of capital management and liquidity management. We manage and maintain our liquidity through the use of internally generated cash flows from operations, bank borrowings and proceeds from the Global Offering. We regularly review our major funding positions to ensure that we have adequate financial resources in meeting our financial obligations.

For the year ended December 31, 2024, we funded our working capital and other capital expenditure requirements through a combination of income generated from our business operations, bank borrowings and capital contributions from our Shareholders. The following table sets forth a summary of our cash flows for the periods indicated.

	For the year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	**(23,131)**	106,618
Net cash generated from/(used in) investing activities	**17,633**	(53,765)
Net cash (used in)/generated from financing activities	**(11,854)**	169,086
Net (decrease)/increase in cash and cash equivalents	**(17,352)**	221,939
Cash and cash equivalents at the beginning of the year	**347,563**	128,178
Effects of exchange rate changes on cash and cash equivalents	**3,200**	(2,554)
Cash and cash equivalents at the end of the year	**333,411**	347,563

Cash and cash equivalents

For the year ended December 31, 2024, our net cash used in operating activities was approximately RMB23.1 million, which was primarily attributable to our loss before income tax of approximately RMB191.8 million, as adjusted by (i) positive movement of operating cash flow before movements in working capital, which primarily comprised depreciation of property and equipment of approximately RMB83.7 million, share-based compensation expenses of approximately RMB44.2 million, fair value changes on financial assets at fair value through profit or loss of approximately RMB21.1 million and impairment of intangible assets of approximately RMB20.8 million, (ii) changes in working capital, (iii) interest received, and (iv) income taxes paid.

For the year ended December 31, 2024, our net cash generated from investing activities was approximately RMB17.6 million, which was primarily attributable to repayment of advances to business partners of approximately RMB20.0 million as adjusted by advances to business partners of approximately RMB2.0 million and payments for purchase of property and equipment of approximately RMB1.4 million.

For the year ended December 31, 2024, our net cash used in financing activities was approximately RMB11.9 million, primarily attributable to (i) repayments of bank and other borrowings of approximately RMB108.5 million, (ii) principal elements and interest element of lease payments of approximately RMB22.5 million, and as adjusted by (iii) proceeds from bank borrowings of approximately RMB124.6 million.

As a result of the foregoing, our cash and cash equivalents, which were mainly held in RMB as of December 31, 2024, decreased by 4.1% from approximately RMB347.6 million as of December 31, 2023 to approximately RMB333.4 million as of December 31, 2024.

Our presentation and functional currency were RMB. During the Reporting Period, we conducted business in mainland China, and most of our transactions were settled in RMB, which is exposed to foreign exchange risk with respect to transactions denominated in currencies other than RMB. The majority of our non-RMB assets are bank deposits denominated in Hong Kong Dollars. We managed our foreign exchange risk by regularly reviewing net foreign exchange exposures, and conducted risk management. During the Reporting Period, the Group had not entered into any derivative instruments to hedge its foreign exchange exposures. The management of the Group continued to pay attention to the market environment and the Group's own foreign exchange risk profile, and considered to taking appropriate hedging measures when necessary.

Indebtedness

As of December 31, 2024, our bank and other borrowings amounted to approximately RMB107.2 million, which were at fixed interest rates. Such bank and other borrowings were all denominated in RMB. As of December 31, 2024, the weighted average interest rate of short-term bank borrowings was 4.32%, and the weighted average interest rate of long-term bank borrowings was 4.46%. As of December 31, 2024, the banking facilities utilized amounted to approximately RMB87.9 million. We recognized total lease liabilities of RMB19.3 million as of December 31, 2024.

Gearing ratio

The Group monitored capital on the basis of the gearing ratio. That ratio is calculated using total debt divided by total equity and multiplied by 100%. As of December 31, 2024, the total debt was approximately RMB129.5 million, total equity was approximately RMB805.9 million, the gearing ratio was 16.1% (December 31, 2023: 11.1%).

Capital Expenditures

During the Reporting Period, our capital expenditures primarily consisted of payments for purchase of property and equipment, and payments for purchase of intangible assets. The following table sets forth our capital expenditures for the periods indicated:

	For the year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Payments for purchase of property and equipment	**1,357**	49,011
Payments for purchase of intangible assets	**90**	17,285
Total	**1,447**	66,296

Contingent Liabilities

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

Significant Investments and Future Plans for Material Investments or Capital Assets

As of December 31, 2024, we did not hold any significant investment. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus, we have no future plans for material investments or capital assets.

Charges on Group Assets

As of December 31, 2024, vending machines of approximately RMB14.8 million were pledged as collateral for the Group's bank borrowings (December 31, 2023: Nil).

Material Acquisitions and Disposals

During the Reporting Period, we did not conduct any material acquisitions or disposals of subsidiaries, associates and joint ventures.

BUSINESS OUTLOOK

As a leading vending machine operator in mainland China, we strive to deepen the penetration rate of unmanned retail industry in mainland China by virtue of the optimisation of operating efficiency and continuous breakthroughs in logistics and inventory management and digitalisation. At the same time, relying on continuously upgrading vending machines, optimizing algorithms and enhancing the intelligent systems, our revenue level from POSs has significantly increased. In the future, we plan to consolidate and enhance the advantage to further expand our POS network and improve our profitability through more efficient operation management and technological innovation.

Looking forward, we will rely on continuous improvement of professional and digitalised operation capabilities to attract more unmanned retail market participants to join and promote the continued expansion of market share. For operators who already operate vending machines, we not only welcome them to join as our merchandise wholesale customers, but also provide them with more comprehensive merchandise supply and operation services through advanced equipment and technology and operation empowerment, thereby helping operators to overcome the bottlenecks in traditional operation model and significantly improve operation efficiency. Meanwhile, we plan to promote the penetration of unmanned retail business into small and mid-sized enterprises. Leveraging our strong supply chain system and advanced equipment, we help customers to achieve wide popularisation of unmanned retail equipment which improve their operation efficiency and profitability.

For consumption scenario innovation, we will promote unmanned karaoke project and create a new entertainment consumption scenario through combination of community karaoke and intelligent vending machines. This will further enrich our business offerings and provide consumers with more diversified and customised consumption experience, thereby enhancing our competitiveness in the community and consolidating our market position.

In addition, we will rely on artificial intelligence and big data technologies to optimise operation strategies and algorithms, precisely analyse consumer needs and refine merchandise mix and restocking strategies. Thus, we could increase our gross profit margin and revenue level, and further enhance consumer satisfaction and operation efficiency. Also, we will continue to upgrade and optimise our hardware equipment and increase the equipment intelligence and their versatility to ensure the adaptability of the equipment to a wide range of consumption scenarios.

Looking forward, leveraging our strong technological advantages, comprehensive digitalised system and extensive cooperation network, we will continuously increase market competitiveness, promote the continuing development of unmanned retail industry and create greater long-term values for investors, business partners and consumers.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

PRE-IPO INCENTIVE SCHEME

The Pre-IPO Incentive Scheme was approved and adopted by our then Shareholders on May 31, 2021. The purpose of the Pre-IPO Incentive Scheme is to further refine the incentive system of our Company by linking the personal interests of our officers, directors and employees, and to attract technical and managerial talents in the industry to join our Company.

The participants of the Pre-IPO Incentive Scheme include senior management, key technical personnel, other personnel of our Company approved by the Board, or other personnel who have direct impact on the overall results and continuous development of our Company and our subsidiaries, and the aforesaid Participants shall have worked for our Company or our subsidiaries or branches for at least three years and shall not include independent directors and supervisors of our Company.

The maximum aggregate number of underlying Shares which may be issued upon exercise of all options under the Pre-IPO Incentive Scheme is 37,862,946 Unlisted Shares, representing 4.55% of the issued shares as of the date of this report.

Subject to the rules of the Pre-IPO Incentive Scheme, the exercise price in respect of any options granted under the Pre-IPO Incentive Scheme shall be RMB1.99.

Subject to the satisfaction of the relevant conditions of exercise, the options under the Pre-IPO Incentive Scheme shall be exercisable after the Listing Date in three batches and in accordance with the following arrangement:

Exercise period	Duration	Proportion of exercisable share options under the Pre-IPO Incentive Scheme to the total number of options granted
Exercise period in respect of the first batch of the options under the Pre-IPO Incentive Scheme	For a period of 12 months commencing on the later of: (i) first trading day after the expiration of the 12-month period from the date of grant and (ii) the Listing Date (the "First Exercise Date")	40%
Exercise period in respect of the second batch of the options under the Pre-IPO Incentive Scheme	Commencing on the first trading day after the expiration of the 12-month period from the First Exercise Date and ending on the last trading day of the 24-month period from the First Exercise Date	30%
Exercise period in respect of the third batch of the options under the Pre-IPO Incentive Scheme	Commencing on the first trading day after the expiration of the 24-month period from the First Exercise Date and ending on the last trading day of the 36-month period from the First Exercise Date	30%

If the relevant conditions of exercise of the relevant participants in respect of the relevant exercise period are not fulfilled, the proportion of the relevant batch of the options shall not be exercised or become exercisable in the next exercise period, and shall be cancelled by the Company.

As of the date of this report, options to subscribe for a total of 30,150,000 Unlisted Shares, representing approximately 3.63% of the total issued share capital of our Company have been granted to 21 grantees under the Pre-IPO Incentive Scheme.

There is no maximum entitlement of each participant under the Pre-IPO Incentive Scheme.

No amount is payable on application or acceptance of an option under the Pre-IPO Incentive Scheme.

The Pre-IPO Incentive Scheme commenced from the date of grant of options (i.e. January 10, 2023) and shall expire on the day when all options granted under the Pre-IPO Incentive Scheme is exercised or cancelled, and shall in any event expire no later than the date which is ten years after January 10, 2023. As of the date of this report, the remaining life of the Pre-IPO Incentive Scheme is approximately seven years and nine months.

The principal terms of the Pre-IPO Incentive Scheme are summarized in the section headed "Statutory and General Information – D. SHARE INCENTIVE SCHEME – 1. Pre-IPO Incentive Scheme" in Appendix IV to the Prospectus.

The table below sets out the details of options granted to the Directors and other employees of our Group under the Pre-IPO Incentive Scheme:

Name or category of grantee	Date of grant	Total number of Shares underlying the options granted as of the date of grant	Vesting Period[Note 1]	Exercise Price (RMB)	Approximate percentage of shareholding in the total issued share capital[Note 2]	Number of Shares underlying the outstanding option as of January 1, 2024	Number of options granted during the Reporting Period	Number of options exercised during the Reporting Period	Number of options cancelled during the Reporting Period	Number of options lapsed during the Reporting Period	Number of Shares underlying the outstanding option as of December 31, 2024	Closing price of the Shares before the date on which the options were exercised
Directors												
Mr. Wang Bin	January 10, 2023	15,000,000	3 years from the First Exercise Date	1.99 per Share	1.80%	15,000,000	-	-	-	-	15,000,000	N/A
Mr. Chen Kunrong[Note 3]	January 10, 2023	6,000,000	3 years from the First Exercise Date	1.99 per Share	0.72%	6,000,000	-	-	-	(6,000,000)	-	N/A
Ms. Cui Yan	January 10, 2023	4,700,000	3 years from the First Exercise Date	1.99 per Share	0.57%	4,700,000	-	-	-	-	4,700,000	N/A
Mr. Chao Hua[Note 4]	January 10, 2023	800,000	3 years from the First Exercise Date	1.99 per Share	0.10%	800,000	-	-	-	-	800,000	N/A
Sub-total		26,500,000			3.19%	26,500,000	-	-	-	(6,000,000)	20,500,000	
Other employees of the Group												
In aggregate	January 10, 2023	11,250,000	3 years from the First Exercise Date	1.99 per Share	1.35%	11,250,000	-	-	-	(1,600,000)	9,650,000	
Total		37,750,000			4.54%	37,750,000	-	-	-	(7,600,000)	30,150,000	

Notes:

1. 40%, 30% and 30% of the total numbers of the options granted shall vest on the first, second, and third anniversary of the date commencing on the later of (i) first trading day after the expiration of the 12-month period from the date of grant and (ii) the Listing Date (the "First Exercise Date"). For further details, see "– D. Share Incentive Scheme – 1. Pre-IPO Incentive Scheme – (f) Vesting and Exercise of Options" in the Prospectus.

2. The calculation on the total number of 831,470,933 issued Shares as of the date of this report.

3. Mr. Chen Kunrong resigned as an executive Director and the president of the Company with effect from January 11, 2024.

4. Mr. Chao Hua was appointed as an executive Director with effect from May 21, 2024.

As disclosed in the Prospectus, the Pre-IPO Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it will not involve grant of options by the Company after the Listing. The Company did not and will not grant further options under the Pre-IPO Incentive Scheme after the Listing. Accordingly, the number of options available for grant under the Pre-IPO Incentive Scheme at the beginning and the end of the Reporting Period are both zero.

OVERVIEW

Our Board currently consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. The functions and duties of our Board include convening general meetings, implementing the resolutions passed at general meetings, determining business and investment plans, formulating our annual financial budget and financial accounts, and formulating our proposals for profit distributions as well as exercising other powers, functions and duties as conferred by the Articles of Association. Our Directors are appointed for a term of three years and are eligible for re-election and re-appointment upon expiry of their term of office.

Our Supervisory Committee currently consists of three Supervisors, it is primarily responsible for supervising the performance of our Board and members of the senior management in performing their duties to the Company. Our Supervisors are appointed for a term of three years, renewable upon re-election.

The senior management is responsible for the management of day-to-day operations of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Chairman, Executive Director and Chief Executive Officer

Mr. Wang Bin, aged 59, was appointed as our Director in March 2012 and was redesignated as our executive Director in May 2021. He is also currently the chairman of our Board and the chief executive officer of our Company. He is primarily responsible for formulating the overall development strategies and overseeing the operation of our Group.

Mr. Wang has over 22 years of experience in the research and development of software and retail platform. Prior to establishing our Group, from April 2002 to July 2004, Mr. Wang was the general manager of Shenzhen Wangxing Science and Technology Co., Ltd. (深圳市網興科技有限公司), a company primarily engaged in the research and development of software, where he was primarily responsible for the overall management of the company. From July 2004 to February 2010, he served as a senior vice president of SINA.com Technology (China) Co., Ltd., a wholly-owned subsidiary of Sina Corporation, a company whose shares were previously listed on the Nasdaq Stock Market (delisted in March 2021, previous ticker symbol: SINA), where he was primarily responsible for the overall operation of the wireless business department of the company.

Mr. Wang graduated from Sichuan Police College (四川警察學院) in the PRC majoring in public security in July 1994.

Executive Directors

Mr. Yu Lizhi, aged 58, was appointed as our Director in October 2020 and was redesignated as our executive Director in May 2021. He is primarily responsible for overseeing the development of POS partners.

Mr. Yu has over 24 years of experience in the information technology industry. Prior to joining our Group, from May 2000 to October 2017, Mr. Yu worked at Chengdu Santai Electronic Industry Co., Ltd. (成都三泰電子實業股份有限公司, now known as Sichuan Development Lomon Co., Ltd. (四川發展龍蟒股份有限公司)), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002312), where he had served as the general manager of Shenzhen and Guangzhou branches of the company, a supervisor and a director of the company and various management positions within the group, where he was primarily responsible for managing financial IT self-service terminal system and the outsourcing of non-core banking services. He joined our Company in November 2017 as the vice president and the general manager of community development business department.

Mr. Yu obtained his associate degree in enterprise management from the Hunan University of Technology and Business (湖南工商大學, previously known as Hunan College of Business (湖南商學院)) in the PRC in June 1988. He obtained his master's degree in business administration from the Hong Kong Baptist University in November 2009.

Ms. Cui Yan, aged 43, was appointed as our Director in June 2017 and was redesignated as our executive Director in May 2021. She is primarily responsible for managing the operation of the Board.

Ms. Cui has over 18 years of experience in financial and accounting. Prior to joining our Group, from July 2006 to September 2011, Ms. Cui served as a certified public accountant and asset appraiser of Grant Thornton International Ltd., an accounting firm, where she was primarily responsible for auditing, capital verification and other related matters. She joined our Company in January 2011 as a financial director, and has been the secretary of our Board and one of our deputy general managers since February 2016. Ms. Cui has been an independent non-executive director of Jiayuan Services Holdings Limited, a company listed on the Stock Exchange (stock code: 1153.HK) since December 2024.

Ms. Cui obtained her bachelor's degree in accounting from the China University of Petroleum, Beijing (中國石油大學(北京), previously known as the University of Petroleum, Beijing (石油大學(北京))) in the PRC in June 2003. She obtained her master's degree in enterprise management from the China University of Petroleum, Beijing in July 2006. Ms. Cui has been a member of the Beijing Institute of Certified Public Accountants since October 2006.

Mr. Chao Hua, aged 45, was appointed as the deputy general manager of our Company in October 2021 and as our executive Director with effect from May 2024. He is primarily responsible for formulating and implementing the information technology development strategy of the Company.

Mr. Chao has over 23 years of experience in information technology development. From July 2000 to August 2001, he worked as a CAM supervisor at Broad Technology (Guangzhou) Inc. (廣大(廣州)科技有限公司), a company engaged in software development, where he was primarily responsible for managing the computer aided manufacturing function of the company. From August 2001 to September 2015, he worked at Maoye International Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 0848.HK), and its subsidiaries, where he was primarily responsible for the management and development of information technology system, with his last position as the general manager of information management center. From September 2015 to March 2016, he was the director of the information department of Heilongjiang Grand Shopping Center Co., Ltd. (黑龍江遠大購物中心有限公司), a company engaged in sales of daily necessities, where he was primarily responsible for the management and development of information technology system. From March 2016 to May 2017, he was the general manager of Shenzhen Lianhe Zhiyun Technology Co., Ltd. (深圳市聯合智雲科技有限公司), a company engaged in computer technology development, where he was primarily responsible for the daily management of the company. Mr. Chao joined the Group in May 2017 as the general manager of internet product development center at Shenzhen Youbaokesi Technology Co., Ltd. (深圳友寶科斯科技有限公司) ("Shenzhen Youbaokesi"), a wholly-owned subsidiary of the Company, and is currently the chief technology officer of Shenzhen Youbaokesi.

Mr. Chao obtained his bachelor's degree in machinery production and equipment from Tiangong University (天津工業大學) in the PRC in July 2000.

Non-executive Directors

Mr. Zhu Chao, aged 44, was appointed as our non-executive Director in May 2021. He is primarily responsible for providing advice and making recommendation to our Board.

Mr. Zhu has over 18 years of experience in investment and corporate development. From July 2006 to April 2014, he worked at the investment banking department of China International Capital Corporation Limited, a company whose shares are listed on the Stock Exchange (stock code: 3908.HK) and the Shanghai Stock Exchange (stock code: 601995), with his last position being an executive general manager. Since April 2014, he has been a senior director of Ant Group, where he was primarily responsible for managing the investment and corporate development department of the company.

Mr. Zhu has been a director of Youon Technology Co., Ltd., a company whose shares are listed on the Shanghai Stock Exchange (stock code: 603776), since October 2016, a director of Hundsun Technologies Inc., a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600570), since April 2019, and a director of Meinian Onehealth Healthcare Holdings Co., Ltd. (美年大健康產業控股股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002044), since January 2022. From July 2018 to August 2021, he was a director of Jiangsu Hoperun Software Co., Ltd., a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 300339). From August 2019 to June 2020, he was a director of 36Kr Holdings Inc., a company whose shares are listed on NASDAQ (ticker symbol: KRKR).

Mr. Zhu obtained his master's degree and bachelor's degree in global economics from Fudan University (復旦大學) in the PRC in June 2006 and July 2002, respectively.

Ms. An Yufang, aged 53, was appointed as our Director in October 2017 and was redesignated as our non-executive Director in May 2021. She is primarily responsible for providing advice and making recommendation to our Board.

Ms. An has over 14 years of experience in corporate management. From January 2008 to June 2013, she worked as a vice president of Beijing Taimei Activity Culture Communication Co., Ltd. (北京太美行動文化傳播有限公司), a company primarily engaged in organizing cultural exchange activities and corporate consulting. From August 2015 to June 2021, she worked as the vice chairman of the board of Shenzhen Congbi Qiushi Investment Management Co., Ltd. (深圳琮碧秋實投資管理有限公司) ("Shenzhen Congbi"), a company primarily engaged in investment management. From July 2021 to December 2023, she was the vice president of China Yintai Holding Co., Ltd. (中國銀泰投資有限公司), a company primarily engaged in asset management. Since January 2024, she has been the vice chairman of the board of Shenzhen Congbi.

Ms. An obtained her bachelor's degree in accounting from Inner Mongolia University of Finance and Economics (內蒙古財經學院) in the PRC in July 1993.

Independent Non-executive Directors

Ms. Guo Wei, aged 51, was appointed as our independent non-executive Director in May 2021. She is primarily responsible for providing independent advice and judgment to our Board.

Ms. Guo has over 26 years of experience in accounting, auditing and finance management. From June 1996 to February 2001, she was an auditor of Beijing Huasong Accountant Firm Co., Ltd. (北京市華頌會計師事務所有限公司), where she was primarily responsible for accounting audit. From January 2001 to December 2010 and March 2012 to November 2015, she worked as an auditing manager and senior auditing manager, respectively, of Grant Thornton International Ltd. (致同會計師事務所(特殊普通合夥), formerly known as Jingdu Tianhua Accountant Firm (Special General Partnership) (京都天華會計師事務所(特殊普通合夥)), an accounting firm, where she was primarily responsible for auditing listed companies. She is currently the chief financial officer of Beijing Mygenostics Co., Ltd. (北京邁基諾基因科技股份有限公司), a company whose shares were formerly quoted on the NEEQ from December 2016 to July 2018 (stock code: 870103), which is engaged in research and development of capture DNA test, where she was primarily responsible for the accounting and finance management of the company.

Ms. Guo graduated from Central University of Finance and Economics (中央財經大學) in accounting in July 1996, and is currently a member of The Chinese Institute of Certified Public Accountants.

Mr. Zhang Chen, aged 40, was appointed as our independent non-executive Director in May 2021. He is primarily responsible for providing independent advice and judgment to our Board.

Mr. Zhang has over 10 years of experience in business management through the establishment and operation of his self-owned clinic, namely Zhang Chen Doctor Dental Clinic, since 2014. From June 2010 to 2014, he was a dental associate at Dental World Ltd.

Mr. Zhang obtained his master's degree in dental surgery in periodontology from The University of Hong Kong in Hong Kong in November 2012. He has been a registered dentist in Hong Kong since August 2008. Mr. Zhang is also currently a chairman or member of various committees under the Hong Kong Dental Association. Mr. Zhang has been an independent non-executive director of Jiayuan Services Holdings Limited, a company listed on the Stock Exchange (stock code: 1153.HK) since December 2024.

Mr. Zhang Changhao, aged 45, was appointed as our independent non-executive Director with effect from May 2024. He is primarily responsible for providing independent advice and judgment to our Board.

Mr. Zhang Changhao has over 21 years of experience in technology industry. He has been the chairman of the board and general manager of Jiangsu Xinshiyun Technology Co., Ltd. (江蘇新視雲科技股份有限公司, formerly known as Nanjing Xinshiyun Network Technology Co., Ltd. (南京新視雲網絡科技有限公司)) ("Xinshiyun"), where he is responsible for strategic planning, business operations and overall management of the company, since September 2011. In addition, he also served as an executive director in Xinshiyun from September 2011 to June 2016. From February 2007 to September 2011, he served as a research and development manager of Nanjing Tengshang Network Technology Co., Ltd. (南京騰商網絡科技有限公司). From March 2003 to February 2007, he served as a research and development manager of Nanjing Wangsu Technology Co., Ltd. (南京網速科技有限公司).

Mr. Zhang Changhao obtained his master's degree in electrical theory and new technologies from Southeast University (東南大學) in PRC in March 2003.

Supervisors

Ms. Qin Yi, aged 53, was appointed as the chairman of our Supervisory Committee in May 2021. She is primarily responsible for supervising the performance of our Board and members of the senior management in performing their duties to the Company.

Ms. Qin has over 30 years of experience in corporate management and enterprise investment. From July 1992 to February 1994, Ms. Qin worked as a reporter, editor and host of Wuxi Radio and TV Station (無錫廣播電視局). From March 1994 to November 1998, Ms. Qin worked at Shenzhen Yitong Industrial Co. Ltd. (深圳億通實業有限公司), a company primarily engaged in telecommunication value-added service, with her last position being the general manager of business department, primarily responsible for the telecommunication value-added services and product technical operation of the company. From December 1998 to September 2001, Ms. Qin worked as the general manager of business department of Guangdong 95ArtHome Information Tech. Co., Ltd (廣東鴻聯九五信息產業有限公司), a company primarily engaged in telecommunication value-added service, where she was primarily responsible for the development of product technology of internet business and market operation of the company. From October 2001 to December 2006, Ms. Qin worked as a director and the general manager of Shenzhen Xintong Bada Network Technology Co., Ltd (深圳信通八達網絡科技有限公司, previously known as Shenzhen Honglian High-tech Technology Co., Ltd (深圳鴻聯高科技術有限公司)), a company primarily engaged in internet services, where she was primarily responsible for the business development and merger and acquisition of the company. From June 2007 to October 2014, Ms. Qin worked at Rock Mobile Group, a company primarily engaged in mobile internet service, with her last position being the executive president, primarily responsible for the overall business operation, investment, merger and acquisition and capital operation of the company. Since December 2015, Ms. Qin has been a partner of Guojin Capital, a company primarily engaged in private equity investment.

Ms. Qin obtained her master's degree in business administration from the City University of Hong Kong in Hong Kong in November 2003.

Mr. Huang Ronghui, aged 55, was appointed as our Supervisor in September 2015. He is primarily responsible for supervising the performance of our Board and members of the senior management in performing their duties to the Company.

Mr. Huang has over 20 years of experience in machinery rental and operation. Prior to joining our Group, from August 1995 to May 1998, Mr. Huang worked at the office of academic affairs of Liaoning University of Traditional Chinese Medicine (遼寧中醫藥大學, previously known as Liaoning College of Traditional Chinese Medicine (遼寧中醫學院)). From March 2004 to June 2009, Mr. Huang served as the general manager at Shanghai Miyuan Beverage Co. Ltd. (上海米源飲料有限公司), a company primarily engaged in operating vending machine, where he was primarily responsible for formulating business strategy and overseeing the overall operation of the company. From June 2009 to June 2010, Mr. Huang worked as the general manager at Shanghai Jinheyuan Equipment Rental Co., Ltd. (上海金和源設備租賃有限公司), a company primarily engaged in construction machinery rental, where he was primarily responsible for formulating business strategy and overseeing the overall operation of the company. From July 2010 to September 2011, Mr. Huang worked as the general manager of the operation management department of Dingding Technology Development Co., Ltd (頂頂科技發展有限公司), a company primarily engaged in operating vending machine, where he was primarily responsible for formulating business strategy and overseeing the overall operation of the company. He joined our Group in October 2011 and has successively served as the general manager of operation management department, the director of product department and is currently the general manager of the operation support department.

Mr. Huang obtained his master's degree in acupuncture from Liaoning University of Traditional Chinese Medicine (遼寧中醫藥大學, previously known as Liaoning College of Traditional Chinese Medicine (遼寧中醫學院)) in the PRC in July 1995.

Mr. Qi Rupeng, aged 44, was appointed as our employee representative Supervisor in April 2020. He is primarily responsible for supervising the performance of our Board and members of the senior management in performing their duties to the Company.

Mr. Qi has over 17 years of experience in software development. Prior to joining our Group, from July 2004 to September 2005, he was a java software engineer of AISINO CO. LTD. (航天信息股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600271), where he was responsible for the research and development of the MES system module. He became a senior software engineer of Access (Beijing) Co., Ltd. (愛可信(北京)技術有限公司), a company primarily engaged in the design, development and production of internet and telecommunication software, where he was responsible for the research and development of mobile music playing platform, from January 2007 to January 2009. Mr. Qi then worked as the director of technology of Link Motion (Beijing) Technology Co., Ltd. (凌動智行(北京)科技有限公司, formerly known as Wangqin (Beijing) Technology Co., Ltd. (網秦(北京)科技有限公司)), a company primarily engaged in research and development of computer software, where he was responsible for research and development of the cloud platform of the company, from January 2009 to April 2013. Mr. Qi joined our Group in May 2013 as the director of research and development, responsible for research and development and the technological support of our retail platforms.

Mr. Qi obtained his bachelor's degree in computer software engineering from Tsinghua University (清華大學) in the PRC in July 2004.

Senior Management

Mr. Wang Bin. See "– Directors, Supervisors and Senior Management – Chairman, Executive Director and Chief Executive Officer".

Ms. Cui Yan. See "– Directors, Supervisors and Senior Management – Executive Director".

Mr. Chao Hua. See "– Directors, Supervisors and Senior Management – Executive Director".

Mr. Wang Ge, aged 47, was appointed as our chief financial officer in September 2016. He is primarily responsible for managing the financial functions of the company.

Mr. Wang Ge has over 13 years of experience in finance and corporate management. He joined our Company in September 2016 as the chief financial officer. Prior to joining our Group, from June 2011 to March 2013, Mr. Wang Ge worked at Maoye International Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 0848.HK), with his last position being the chief financial officer and a deputy general manager of the southern China district of the company, where he was primarily responsible for project development and managing the financial functions of the company. From March 2013 to June 2016, Mr. Wang Ge worked as the chief financial officer of ZJBC Information Technology Co. Ltd. (中嘉博創信息技術股份有限公司, previously known as Qinhuangdao Bohai Logistics Holdings Co. Ltd. (秦皇島渤海物流控股股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000889), where he was primarily responsible for managing the financial functions of the company. Since September 2016, Mr. Wang Ge has been the chief financial officer of our Company and is primarily responsible for the financial management, budget planning and banking and tax related matters of our Company.

He obtained his master's degree in business administration from Shanxi University of Finance and Economics (山西財經大學) in the PRC in June 2016.

Joint Company Secretaries

Ms. Cui Yan has been appointed as one of our joint company secretaries with effect from March 17, 2022. See "– Directors, Supervisors and Senior Management – Executive Director".

Ms. Lai Ho Yan has been appointed as one of our joint company secretaries with effect from August 19, 2024. Ms. Lai is a senior manager of company secretarial services of Tricor Services Limited, a member of Vistra Group and an integrated provider offering business, corporate and investor services. Ms. Lai has over 7 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Lai holds a Bachelor of Business Administration in Financial Services and a Master of Corporate Governance from The Hong Kong Polytechnic University in September 2016 and September 2020, respectively. She also holds a Bachelor of Laws from Manchester Metropolitan University in July 2024.

Ms. Lai is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute (CGI) in the United Kingdom.

CHANGES IN INFORMATION OF DIRECTORS

Name of Director	Details of Change
Mr. Chen Kunrong	Mr. Chen Kunrong resigned as an executive Director and the president of the Company with effect from January 11, 2024.
Ms. Cui Yan	Ms. Cui Yan has been an independent non-executive director of Jiayuan Services Holdings Limited, a company listed on the Stock Exchange (stock code: 1153.HK) since December 2024.
Mr. Chao Hua	Mr. Chao Hua has been appointed as an executive Director with effect from May 21, 2024.
Ms. An Yufang	From July 2021 to December 2023, Ms. An Yufang was the vice president of China Yintai Holding Co., Ltd. (中國銀泰投資有限公司), a company primarily engaged in asset management. Since January 2024, she has been the vice chairman of the board of Shenzhen Congbi.
Mr. Wang Xiaochuan	Mr. Wang Xiaochuan retired as an independent non-executive Director and the chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee with effect from May 21, 2024.

Name of Director	Details of Change
Mr. Zhang Chen	Mr. Zhang Chen has been an independent non-executive director of Jiayuan Services Holdings Limited, a company listed on the Stock Exchange (stock code: 1153.HK) since December 2024.
Mr. Zhang Changhao	Mr. Zhang Changhao has been appointed as an independent non-executive Director and the chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee with effect from May 21, 2024.

Save as disclosed, there are no changes in the information of the Directors of the Company required to be disclosed in this annual report pursuant to Rule 13.51B(1) of the Listing Rules.

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.

BUSINESS

Principal Activities

We are a vending machine operator in mainland China. For over a decade since our founding, we have endeavored to cultivate the unmanned retail industry, a sub-segment of the retail industry, in mainland China and developed digitalization and operation capabilities, covering merchandise procurement, logistics and inventory management. We strive to refine the traditional retail industry with technology and to further digitalize and automate businesses along the retail value chain.

Results of Operations

The results of the Group for the year ended December 31, 2024 are set out in the consolidated statement of comprehensive loss in this annual report.

Business Review

A pertinent review of the Group's business, including an analysis of the Group's financial performance, indicators of the likely future development of the Group's business are set out in the "Chairman's Statement" and "Management Discussion and Analysis" sections of this annual report. These discussions form part of the Group's business review.

DIVIDEND POLICY AND FINAL DIVIDEND

The Company is a joint stock limited company incorporated under the laws of the PRC. Pursuant to the Article of Association, the Company may apply cash or by way of shares to distribute dividends. Any distribution of dividends shall be formulated a distribution plan by the Board and subject to consideration and approval on general meeting of the Company.

The Board does not recommend the payment of a final dividend for the year ended December 31, 2024.

MAJOR RISKS AND UNCERTAINTIES

We are subject to the following major risks and uncertainties:

- We may not be able to find suitable sites for our POSs on commercially acceptable terms, if at all. Our performance depends, to a significant extent, on our ability to find suitable and strategic locations for our existing and new POSs. Our ability to secure suitable sites on terms acceptable to us is critical to the success of our existing business as well as our expansion strategy. Many of our existing leases are short term leases for a term of one year. We therefore cannot assure that we will be able to secure our existing strategic sites on terms commercially acceptable to us. In the event that we encounter difficulties in securing suitable locations in regions that we have entered or plan to expand into, our results of operations and growth prospects may be adversely affected.

- If we are not able to effectively manage our businesses, our expansion and growth in new geographical areas, our business and prospects may be materially and adversely affected.

- If we fail to maintain the existing scale of our partner model or retain our existing POS partners or attract new POS partners, or if our POS partners decrease their scale of business, our POS network expansion plan may be disrupted and their revenue contribution will decrease, and thus our business, financial condition and results of operation may be materially and adversely affected.

- Any system failure or malfunctioning of our operation systems that are connected to our POSs or our vending machines in our POS network will directly affect our ability to receive orders and payments, which could adversely affect our ability to carry out our business effectively and efficiently, and could materially and adversely affect our financial condition and results of operations.

- Our vending machines are integrated with technology-based retail platform and any interruption of the vending machines and the technology-based retail platform could impair our ability to provide products and services.

As the major risks and uncertainties mentioned above are not exhaustive, please refer to the section headed “Risk Factors” in the Prospectus for detailed information.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group is not exposed to significant environmental risks. During the Reporting Period, no fines or other penalties were imposed on the Group for non-compliance with environmental regulations.

Details of the Group's environmental policy and performance are set out in the Company's environmental, social and governance report (the "ESG Report") on pages 62 to 109 of this report.

RELATIONSHIP WITH STAKEHOLDERS

Employees

As of December 31, 2024, the Group had a total of 1,128 full-time employees. The Group also uses some third-party contractors, primarily responsible for delivery of merchandise, restocking and conducting regular check on the physical condition of the vending machines and merchandise. Our employees are based in different provinces of mainland China.

The Group emphasizes employee diversity, including but not limited to gender, age, educational background, socio-economic background, work experience, etc.. The Group provides an inclusive work environment that embraces diversity such as the strengths of individuals, and seeks to provide opportunities to unleash their full potential. We believe that employees are an important driver of our corporate development. As an equal employment opportunity employer, we also focus on embracing diversity within our organization and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. As of December 31, 2024, among the above 1,128 employees (including senior management), approximately 73.6% were male and 26.4% were female. The Company recognizes the benefits of having diverse employees and maintains and promotes employee diversification (especially gender diversification) whenever practicable.

The Group hires and promotes our staff based on their personal on-the-job performance and development potential. The remuneration of our employees is determined with reference to market conditions and individual employees' performance, qualification and experience. In line with the performance of us and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and benefit plans. We also organize various training programs on a regular basis for our employees to enhance their professional knowledge, improve time management skills and communications skills, and strengthen their team spirit.

With a view to incentivizing our management members and core employees to further promote our development and in recognition of their contributions, our Company adopted the 2020 Incentive Scheme in 2020 and Shenzhen Youhui Investment Center (Limited Partnership) (深圳友匯投資中心(有限合夥)) ("Shenzhen Youhui") was established as the platform to hold Shares for the option grantees under the 2020 Incentive Scheme. As of December 31, 2024, Shenzhen Youhui held 5,438,106 Shares, representing approximately 0.7% of our total number of issued Shares as of December 31, 2024. For further information about the 2020 Incentive Scheme, see "Statutory and General Information – D. Share Incentive Scheme – 2. 2020 Incentive Scheme" in Appendix IV to the Prospectus.

Further, we adopted the Pre-IPO Incentive Scheme on May 31, 2021 to further refine the incentive system of our Company by linking the personal interests of our officers, directors and employees, and to attract technical and managerial talents in the industry to join our Company. As of December 31, 2024, the Company had granted share options to subscribe for an aggregate of 30,150,000 Unlisted Shares under the Pre-IPO Incentive Scheme, representing approximately 3.87% of our total number of issued Shares as of December 31, 2024. For further information about the Pre-IPO Incentive Scheme, see "– Management discussion and analysis – Pre-IPO Incentive Scheme" of this report and "Statutory and General Information – D. Share Incentive Scheme – 1. Pre-IPO Incentive Scheme" in Appendix IV to the Prospectus.

As required by PRC Law, we have made contributions to the various mandatory social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity leave insurance, and to mandatory housing provident funds, for or on behalf of our employees. In addition, we provide our employees with a diverse work environment and a wide range of career development opportunities. We also organize various training programs on a regular basis for our employees to enhance their professional knowledge, improve time management skills and communications skills, and strengthen their team spirit.

Customers and Suppliers

The Group has a broad customer base. The customers for our unmanned retail business consist of consumers who purchase merchandise from our Ubox vending machines. Customers for our advertising and system support services mainly comprise advertisers, such as brand owners and merchandise suppliers which engage our advertising services, and Non-Ubox POS operators that connect their machines to our operation system. Customers for our merchandise wholesale and vending machine sales and leases mainly consist of merchandise wholesale customers and Non-Ubox POS operators. Customers for mobile device distribution services mainly consist of mobile device resellers. Customers for our karaoke booth services, karaoke booths sales and leases and karaoke booth operation system support mainly consist of patrons of karaoke booths under our direct operation and karaoke booth franchisees.

For the year ended December 31, 2024, the revenue contribution from the Group's top five customers (mainly customers of our merchandise wholesale and mobile device distribution services) were less than 6.0%, and our largest customer accounted for approximately 1.9% of our total revenue, whereas the purchase from the Group's top five suppliers (mainly beverages and food manufacturers, distributors and machine manufacturers in mainland China) were less than 18.5% and our purchases from our largest supplier accounted for approximately 5.9% of our total purchases.

During the year ended December 31, 2024, to the best knowledge of the Directors, none of the Directors, their respective close associates or any Shareholders who own more than 5.0% of the Company's issued share capital had any interest in any of the Company's top five customers or suppliers.

PROPERTY AND EQUIPMENT

During the Reporting Period, details of changes in the Group's property and equipment are set out in note 15 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 24 to the consolidated financial statements of this annual report.

DONATIONS

The Group did not make any charitable or other donations during the Reporting Period (2023: nil).

CAPITAL RESERVES AND DISTRIBUTABLE RESERVES

Details of the changes in reserves during the Reporting Period are set out in note 25 to the consolidated financial statements of this annual report. During the Reporting Period, the Company has no distributable reserves.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans or other borrowings of the Group during the Reporting Period are set out in note 30 to the consolidated financial statements of this annual report.

ISSUANCE OF DEBENTURES

During the Reporting Period, no debentures were issued by the Group.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeem any of the Company's listed securities (including the sale of treasury shares).

INITIAL PUBLIC OFFERING OF H SHARES ON THE STOCK EXCHANGE AND USE OF PROCEEDS

The Company was listed on the Stock Exchange on November 3, 2023. A total of 22,576,500 new H Shares were issued at HK$10.35 each for a total of approximately HK$233.7 million. The net proceeds (after deduction of the underwriting fees and commissions and other expenses paid and payable by the Company in connection with the Global Offering) raised from the Global Offering amounted to approximately HK$154.9 million. The net proceeds from the Global Offering (adjusted on a pro rata basis based on the actual net proceeds) will be utilized in accordance with the intended use of the proceeds set out in the Prospectus. The following table sets forth the status of the use of net proceeds from the Global Offering:

Intended use of proceeds	Percentage of intended use of proceeds *(%)*	Intended use of proceeds from the initial public offering *(in HK$ millions)*	Actual usage between the Listing Date and December 31, 2023 *(in HK$ millions)*	Actual usage during the year ended December 31, 2024 *(in HK$ millions)*	Unutilized net proceeds as of December 31, 2024 *(in HK$ millions)*	Timeframe for the unused balance
Implementing our expansion initiatives	80.0	123.9	0	82.9	41.0	By December 31, 2025
Further developing our operation network	5.0	7.7	0	2.1	5.6	By December 31, 2025
Enhancing our technologies	7.0	10.8	0	7.3	3.5	By December 31, 2025
Hardware upgrade	1.5	2.3	0	1.1	1.2	By December 31, 2025
Software enhancement	4.0	6.2	0	6.2	–	N/A
Recruiting talents	1.5	2.3	0	–	2.3	By December 31, 2025
Working capital and other general corporate purposes	8.0	12.4	0	12.4	–	N/A
Total	100.0	154.9	0	104.7	50.2	By December 31, 2025

Note:

(1) The figures in the table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

As of the date of this report, the Board is aware that there has been a delay in the use of proceeds from the Listing when compared to the implementation plan as disclosed in the Prospectus, which is primarily because of the process of foreign exchange registration and filing, which was completed in January 2024. We currently have no intention to change the use of the unutilized net proceeds and have been actively monitoring the market environment for appropriate timing to implement our plans. It is currently expected that the unutilized net proceeds will be fully utilized by December 31, 2025, subject to changes in market conditions and policies and the timing when appropriate opportunities arise in the industry.

To the extent that the net proceeds from the Global Offering are not immediately applied for the above purposes and to the extent permitted by the relevant law and regulations, we intend to deposit those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions in Hong Kong and mainland China (as defined under the SFO, the Law of the People's Republic of China on Commercial Banks (中華人民共和國商業銀行法) and other relevant PRC Law). We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

PRE-EMPTIVE RIGHTS

In 2024, the Company had no arrangement for pre-emptive rights. Neither the Articles of Association nor the PRC laws stipulates that the Company shall give priority to existing shareholders in offering new shares in proportion to their shareholdings.

TAX CONCESSION AND EXEMPTION

The Company is not aware of any tax concession or exemption for any Shareholders who hold securities of the Company. Shareholders are advised to consult an expert if they are in any doubt about the tax implications of purchasing, holding, disposing of and trading in shares or exercising any of their rights in relation to them, including any right to tax concession.

EMOLUMENT POLICY

Our Directors believe that the ability to attract, motivate and retain a sufficient number of qualified employees is of significant importance to the long-term successful development of our Group. The remuneration package for our employees generally includes basic wages, variable wages, bonuses and other staff benefits. We made contributions to mandatory employee benefit plans (including pension, work-related injury benefits, maternity insurance, medical and unemployment benefit plans and housing fund). We also granted share options pursuant to the Pre-IPO Incentive Scheme and the 2020 Incentive Scheme with the purpose of incentivizing the management members and core employees of the Group to further promote the development and in recognition of their contributions, details of which are set out under the sections headed "Pre-IPO Incentive Scheme" in this report and "Statutory and General Information – D. Share Incentive Scheme – 2. 2020 Incentive Scheme" in Appendix IV to the Prospectus.

Details of the remuneration of the Directors and the five highest paid individuals during the Reporting Period are set out in note 10 to the consolidated financial statements of this annual report.

COMPETING BUSINESS

During the Reporting Period and up to the Latest Practicable Date, none of the Directors, Supervisors, chief executives of the Company or their respective associates was deemed to be directly or indirectly interested in a business which competed or might compete with the businesses of the Group (as defined under the Listing Rules).

MANAGEMENT CONTRACT

During the Reporting Period, no contracts were entered into in relation to the management and administration of the whole or any substantial part of the business of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company, and to the best of the Directors' knowledge as of the Latest Practicable Date, the Company has maintained a sufficient public float as required under Rule 8.08 of the Listing Rules.

LEGAL PROCEEDINGS AND COMPLIANCE

The Group may from time to time be involved in various legal procedures, arbitrations or proceedings in the course of its ordinary business. On October 16, 2024, the Company received a notice of arbitration filed by Guangzhou Fohon Intelligence Technology Co., Ltd (廣州富宏智能科技有限公司) ("Guangzhou Fohon") against the Company as respondent, alleging certain disputes arising from the investment agreement entered into between Guangzhou Fohon and the Company on June 15, 2021. Guangzhou Fohon claimed against the Company for the sum of approximately RMB145.1 million, default interests, legal costs and other costs incurred for the arbitration. According to the arbitral award dated April 2, 2025, all claims of Guangzhou Fohon were dismissed and the cost of the arbitration shall be borne by Guangzhou Fohon. For details, please refer to the announcements of the Company dated October 17, 2024 and April 3, 2025. Save as disclosed, during the Reporting Period, the Group was not involved in any legal procedures, arbitrations or proceedings that we believe would have a material adverse effect on the ordinary business, financial condition or business performance, and to the best of our knowledge, there was no risk of any such legal procedures, arbitrations or proceedings.

The Group's business operations are subject to applicable Chinese laws and regulations. During the Reporting Period, the Group has not been involved in, nor does it involve in any non-compliance incidents resulting in fines, enforcement actions or other penalties that may individually or collectively have a material adverse impact on the Group's business, financial condition or operating performance, and the Group has complied with applicable laws and regulations in all material respects.

H SHARE FULL CIRCULATION

Completion of 2024 First H Share Full Circulation

On October 31, 2024, the conversion of 65,112,950 Unlisted Shares of the Company (the "Converted H Shares") was completed and the listing of the Converted H Shares on the Stock Exchange commenced on October 31, 2024.

For further details, please refer to the Company's announcements dated May 23, 2024, June 5, 2024, September 2, 2024, September 4, 2024 and October 31, 2024.

Application of 2024 Second H Share Full Circulation

References are made to the announcements of the Company dated November 15, 2024, November 25, 2024, January 8, 2025, April 3, 2025 and April 8, 2025 in relation to the implementation of the H shares full circulation. On November 25, 2024, the Company submitted a filing application to the China Securities Regulatory Commission (the "CSRC") in relation to the proposed implementation of the H share full circulation for the conversion of 76,319,674 Unlisted Shares of the Company into H Shares on a one-for-one basis, which can be listed and traded on the Main Board of the Stock Exchange upon completion of the conversion. On January 8, 2025, the Company revised its filing application with the CSRC upon receipt of a withdrawal request from a Shareholder. Accordingly, the revised filing application would request for the conversion of an aggregate of 35,647,744 Unlisted Shares into H Shares on a one-for-one basis (the "2024 Second H Share Full Circulation").

As of the date of this report, the 2024 Second H Share Full Circulation has not been completed. The Company will make further announcement(s) on the progress of the 2024 Second H Share Full Circulation in compliance with the Listing Rules and/or Inside Information Provisions as and when appropriate.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On March 14, 2025, a total of 51,635,500 new H Shares (the "Placing Shares") have been successfully placed under the general mandate by the placing agent to not less than six placees at the placing price of HK$3.01 per Placing Share pursuant to the terms and conditions of the placing agreement dated March 7, 2025. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the placees and their respective ultimate beneficial owners are Independent Third Parties as of the date of completion.

The aggregate of 51,635,500 new H Shares represents approximately 6.85% of the number of H Shares in issue as enlarged by the allotment and issue of the Placing Shares and approximately 6.21% of the number of Shares in issue as enlarged by the allotment and issue of the Placing Shares. The gross proceeds and net proceeds from the placing were approximately HK$155.4 million and HK$149.2 million, respectively. The Company intends to allocate (i) approximately 60% of the net proceeds for acquisition of fixed assets, including but not limited to vending machines; and (ii) approximately 40% of the net proceeds for working capital and other general corporate purposes. For further details, please refer to the Company's announcements dated March 14 and March 7, 2025.

Save as disclosed in this report and in note 35 to the consolidated financial statements, there are no significant event subsequent to December 31, 2024 which could have a material impact on our operating and financial performance as of the date of this report.

2024 ANNUAL GENERAL MEETING

The Company's 2024 AGM will be held on Wednesday, May 28, 2025. The notice convening the 2024 AGM will be published and dispatched to Shareholders in due course in the manner prescribed by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS AND ENTITLEMENT TO ATTEND AND VOTE AT THE AGM

To determine the eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Friday, May 23, 2025 to Wednesday, May 28, 2025 (both dates inclusive), during which period no transfer of share will be registered. The Shareholders whose names appear on the register of members of the Company on Wednesday, May 28, 2025 will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, unregistered holders of H Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, May 22, 2025.

THE BOARD

The Board consists of the following members during the Reporting Period and up to the Latest Practicable Date:

Chairman of the Board executive Director and chief executive officer

Mr. Wang Bin

Executive Directors

Mr. Chen Kunrong (resigned with effect from January 11, 2024)
Mr. Yu Lizhi
Ms. Cui Yan
Mr. Chao Hua (appointed with effect from May 21, 2024)

Non-executive Directors

Mr. Zhu Chao
Ms. An Yufang

Independent non-executive directors

Mr. Wang Xiaochuan (retired with effect from May 21, 2024)
Ms. Guo Wei
Mr. Zhang Chen
Mr. Zhang Changhao (appointed with effect from May 21, 2024)

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

We enter into contracts with each of our Directors and Supervisors. The principal particulars of these service contracts include (i) the term of service, and (ii) are subject to termination in accordance with their respective term. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of the Directors or Supervisors has entered into any service contracts as a director or supervisor with any member of the Group which are not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Details of Directors and Supervisors' remuneration for the year ended December 31, 2024 are set out in note 10 to the consolidated financial statements of this annual report.

INTERESTS OF DIRECTORS, SUPERVISORS AND THE CONTROLLING SHAREHOLDERS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as the related party transactions as disclosed in note 33 to the consolidated financial statements and the connected transactions as disclosed in the section headed "Connected Transactions" in this report of the directors, there was no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director, Supervisor and/or any of his/her connected entity had a material interest, whether directly or indirectly, and there was no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries, subsisted at the end of, or at any time during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Reporting Period has any rights been granted to any Directors or their spouses or children under the age of 18 to enable them to benefit from the purchase of Shares or debentures of the Company, and such persons have also failed to exercise those rights; and no arrangement has been entered into by the Company or any of its subsidiaries or holding companies or subsidiaries of the holding companies whereby the Directors, their spouses or children under the age of 18 may have access to the rights of any other legal entities.

REMUNERATION POLICY

The Remuneration Committee was established to review the Group's remuneration policy and remuneration structure for all Directors and senior management taking into account the Group's operating performance, individual performance of Directors and senior management and comparable market practices. In general, our Group determines the emolument payable to our Directors based on each Director's time commitment and responsibilities, salaries paid by comparable companies as well as the employment conditions elsewhere in our Group.

Details of the remuneration of the Directors and the five highest paid individuals during the Reporting Period are set out in note 10 to the consolidated financial statements of this annual report.

No payment amount made by the Company in 2024 to procure such person with high emolument to join in our Company.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 10 to the consolidated financial statements of this annual report.

During the Reporting Period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

PERMITTED INDEMNITY PROVISIONS

The Company has maintained Directors liability insurance to protect the Directors against any losses that may arise out of their actual or alleged misconduct.

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

As of December 31, 2024, the interests and short positions of each of our Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO) which is required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which is required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which is required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors) were as follows:

Name	Position	Class of Shares	Number of Shares	Nature of interest	Approximate Percentage of shareholding in the relevant class of Shares(2)	Approximate percentage of shareholding in the total issued Shares(2)
Mr. Wang Bin(3)	Chairman of our Board, executive Director and chief executive officer	H Shares	6,352,289	Beneficial owner	0.91%	0.815%
			88,548,881	Other	12.62%	11.35%
		Unlisted Shares	55,671,930	Beneficial owner	71.28%	7.14%
Ms. Cui Yan	Executive Director	H Shares	3,000,000	Beneficial owner	0.43%	0.38%
		Unlisted Shares	4,700,000	Beneficial owner	6.02%	0.60%
Mr. Chao Hua	Executive Director	Unlisted Shares	800,000	Beneficial owner	1.02%	0.10%
Mr. Huang Ronghui	Supervisor	Unlisted Shares	400,000	Beneficial owner	0.51%	0.05%

Notes:

1. All interests stated above are long positions.

2. The calculations are based on the number of Unlisted Shares in issue, the number of H Shares in issue, and the total number of Shares in issue, being 78,106,674 Unlisted Shares, 701,728,759 H Shares and 779,835,433 Shares, respectively, as of December 31, 2024.

3. On November 25, 2024, Mr. Wang Bin pledged 88,548,881 H Shares in favor of Chunhua Rongshun (Tianjin) Equity Investment Fund Partnership (Limited Partnership) (春華榮順(天津)股權投資基金合夥企業(有限合夥)) ("Chunhua Rongshun") as security.

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

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

As of December 31, 2024, to the best of Directors' knowledge, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares, which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company required to be kept pursuant to section 336 of the SFO:

Shareholder	Long Position/ Short Position	Class of Shares	Number of Shares	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares[(1)]	Approximate percentage of shareholding in the total issued Shares[(1)]
Ant Group Co., Ltd. ("Ant Group")[(2)]	Long position	H Shares	126,315,789	Interest in controlled corporation	18.00%	16.20%
Shanghai Yunxin Venture Capital Company Limited ("Shanghai Yunxin")[(2)]	Long position	H Shares	126,315,789	Beneficial owner	18.00%	16.20%
Hu Yuanman[(3)]	Long position	H Shares	130,653,765	Interest in controlled corporation	18.62%	16.75%
Mingde Chunhua (Tianjin) Asset Management Co., Ltd. ("Mingde Chunhua")[(3)]	Long position	H Shares	130,653,765	Interest in controlled corporation	18.62%	16.75%
Chunhua Qiushi (Tianjin) Equity Investment Management Co., Ltd. ("Chunhua Qiushi")[(3)]	Long position	H Shares	130,653,765	Interest in controlled corporation	18.62%	16.75%

Shareholder	Long Position/ Short Position	Class of Shares	Number of Shares	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares [1]	Approximate percentage of shareholding in the total issued Shares[1]
Qiushi (Tianjin) Equity Investment Management Partnership ("Qiushi Equity Investment")[3]	Long position	H Shares	130,653,765	Interest in controlled corporation	18.62%	16.75%
Chunhua Xingkang (Tianjin) Investment Center (Limited Partnership) ("Chunhua Xingkang")[3]	Long position	H Shares	130,653,765	Interest in controlled corporation	18.62%	16.75%
Chunhua Rongshun[3][4]	Long position	H Shares	88,548,881	Person having a security interest in shares	12.62%	11.35%
			42,104,884	Beneficial owner	6.00%	5.40%
China International Capital Corporation Limited[5]	Long position	H Shares	35,563,500	Interest in controlled corporation	5.07	4.56%
	Short position		500	Interest in controlled corporation	–[6]	–[6]
CICC Capital Operation Co., Ltd.[5]	Long position	H Shares	35,563,500	Beneficial owner	5.07	4.56%
Shen Guojun	Long position	H Shares	49,356,900	Beneficial owner	7.03%	6.33%
Xu Ge	Long position	Unlisted Shares	23,243,613	Beneficial owner	29.76%	2.98%
Jing Ying	Long position	Unlisted Shares	7,403,786	Beneficial owner	9.48%	0.95%

Notes:

1. The calculations are based on the number of Unlisted Shares in issue, the number of H Shares in issue, and the total number of Shares in issue, being 78,106,674 Unlisted Shares, 701,728,759 H Shares and 779,835,433 Shares, respectively, as of December 31, 2024.

2. Shanghai Yunxin is a company established under the PRC Law, which is wholly-owned by Ant Group.

3. Chunhua Rongshun is a limited liability partnership established under the PRC law, which is owned as to 67.67% by its limited partner Chunhua Xingkang. The general partner of Chunhua Rongshun is Qiushi Equity Investment, which is owned as to 83.33% by its general partner, Chunhua Qiushi. Chunhua Qiushi is wholly owned by Mingde Chunhua, which is in turn ultimately controlled by Mr. Hu Yuanman, an Independent Third Party.

4. On November 25, 2024, Mr. Wang Bin pledged 88,548,881 H Shares in favor of Chunhua Rongshun as security.

5. CICC Capital Operation Co., Ltd. is 100% controlled by China International Capital Corporation Limited. CICC Capital Operation Co., Ltd. is the general partner of CICC Generation (Suzhou) Emerging Industries Equity Investment Fund Partnership (Limited Partnership) and 100% controls CICC Jia Cheng Investment Management Company, which is the general partner of Zhongjin Qiyuan National Emerging Industry Venture Capital Guidance Fund (Hubei) Equity Investment Enterprise (Limited Partnership). Zhongjin Qiyuan National Emerging Industry Venture Investment Guidance Fund (L.P.) is the 99.99% limited partner of the above limited partnership.

6. Less than 0.01%.

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

EQUITY-LINKED AGREEMENTS

Save for the Pre-IPO Incentive Scheme and the 2020 Incentive Scheme, the Company did not enter into, and did not have, any equity-linked agreements which would or might result in the issue of Shares by the Company, or require the Company to enter into any agreements which would or might result in the issue of Shares by the Company, during the Reporting Period and up to the Latest Practicable Date.

CONTINUING CONNECTED TRANSACTIONS

Overview

We have entered into a number of continuing connected transactions with Alipay China (as defined below), a connected person of our Company, in our ordinary and usual course of business. Such transactions continue after Listing and therefore constitute our continuing connected transactions under the Listing Rules.

Relevant connected persons

The following parties with whom have entered into transactions are regarded as connected persons under the Listing Rules:

Connected Person	Connected Relationship
Alipay.com Co., Ltd. ("Alipay China")	Shanghai Yunxin, one of our Pre-IPO Investors, which is a wholly-owned subsidiary of Ant Group, holds approximately 16.20% of the issued Shares upon Listing and therefore is a substantial Shareholder. Alipay China is a wholly-owned subsidiary of Ant Group and therefore a fellow subsidiary of Shanghai Yunxin. Alipay China is therefore an associate of Shanghai Yunxin and a connected person of our Company.

Partially-exempt continuing connected transactions

Below set out the details of the partially-exempt continuing connected transactions entered by our Company with Alipay China.

1. Payment Services Framework Agreement

On October 17, 2023, our Company (for itself and on behalf of other members of our Group) entered into a framework agreement with Alipay China, pursuant to which Alipay China agreed to provide us with payment services through its payment channels so as to enable our customers to conduct online transactions via our vending machines (the "Payment Services Framework Agreement"). We shall, in return, pay a payment service fee to Alipay China. The precise scope of service, service fee rate, the applicable payment channel and other details of the arrangement shall be agreed between the relevant parties.

For the years ended December 31, 2023 and 2024 and for the year ending December 31, 2025, the relevant annual caps are RMB15.0 million, RMB18.0 million and RMB22.0 million, respectively. The relevant annual caps are derived with reference to (i) the historical amounts of payment service fee paid by our Group to Alipay China; (ii) given our continuous collaboration with Ant Group in the unmanned retail market, an expected upward adjustment in transaction amount with reference to an expected increase in the number of our Group's transactions; and (iii) the estimated Service Fee Rate to be charged by Alipay China with reference to the Service Fee Rate charged by Alipay China during the period comprising the financial years ended December 31, 2019, 2020, 2021, 2022 and the six months ended June 30, 2023.

Purpose of the transaction

Our Directors consider that, given that (i) Alipay China is one of the leading players in the PRC online payment service industry and many of our customers use Alipay China's online payment services; and (ii) we have been continuously collaborating with Ant Group, such as enabling biometric authentication on our vending machines, and using Alipay China's online payment services would continue to enhance our development as an innovative technology based retail platform and strengthen our position in the unmanned retail market, entering into the Payment Services Framework Agreement will enable us to provide our customers with the best available payment methods and therefore enhance our customers' satisfaction with our services.

2. Advertising Cooperation Framework Agreement

On October 17, 2023, our Company (for itself and on behalf of other members of our Group) entered into a framework agreement with Alipay China, pursuant to which our Group and Alipay China (for itself and on behalf of other members of Ant Group) agreed to cooperate on, including, but not limited to, advertising and promotion of payment service products of Alipay China (for example, biometric authentication payment services and merchandise recognition services) on our vending machines (the "Advertising Cooperation Framework Agreement"). In return for these advertising and promotion efforts, Alipay China shall pay service fees to our Group. It is envisaged that from time to time and as required, members of our Group will enter into individual agreements with Alipay China which will set out specific terms and conditions such as the precise scope of service, service fee calculation, method of payment and other details of the service arrangement.

For the years ended December 31, 2023 and 2024 and for the year ending 2025, the relevant annual caps are RMB9.0 million, RMB33.0 million and RMB35.0 million, respectively. The relevant annual caps are derived with reference to (i) the historical service fees paid by Alipay China to our Group; (ii) the expected increase in the number of vending machines of our Group which will install the relevant payment service products of Alipay China; and (iii) the standard calculation of service fees as offered by Alipay China.

Purpose of the transaction

We are a vending machine operator in China. The arrangements contemplated under the Advertising Cooperation Framework Agreement help facilitate our Group to continue to leverage Ant Group's expertise in internet technologies and digital infrastructure to further expand its retail channel and maximize the revenue of our Group. The continuous alliance with Alipay China will enable our Group's activities to benefit from Alipay China's digital ecosystem and further promote our Group as an innovative technology-based retail platform, thereby strengthening our position in the unmanned retail market.

Annual review by independent non-executive Directors

The independent non-executive Directors have reviewed aforementioned continuing connected transactions, and confirmed such transactions are:

(i) entered into in the ordinary and usual course of business of our Group;

(ii) conducted with normal commercial terms or better; and

(iii) conducted pursuant to agreements of relevant transactions on terms that are fair and reasonable terms and in the interests of Shareholders as a whole.

Save as disclosed in the section headed "Connected Transactions" of this report, during the Reporting Period, the Company had no connected transactions or continuing connected transactions which were required to be disclosed pursuant to the provisions of Chapter 14A of the Listing Rules relating to the disclosure of connected transactions and continuing connected transactions.

Confirmation by the Auditor

The auditor of the Company has performed the relevant procedures regarding the continuing connected transactions of the Company 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 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules.

The auditor has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended December 31, 2024:

a. nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;

b. for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;

c. nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

d. with respect to the aggregate actual transaction amount of each of the disclosed continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the actual transaction amount of the disclosed continuing connected transactions has exceeded the annual cap.

Related party transactions

During the Reporting Period, save as disclosed above, no related party transactions disclosed in note 33 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year under review.

AUDITORS

The Company's accompanying financial statements prepared in accordance with HKFRS, have been audited by PricewaterhouseCoopers.

AUDIT COMMITTEE

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and set its terms of reference in compliance with the Corporate Governance Code. The Audit Committee consists of three members, namely Ms. Guo Wei, Mr. Zhang Changhao and Mr. Zhang Chen, our independent non-executive Directors. Ms. Guo Wei has been appointed as the chairlady of the Audit Committee, and is our independent non-executive Director possessing the appropriate professional qualifications.

Following discussions with the auditor, the Audit Committee has reviewed the Company's audited consolidated financial statements for the year ended December 31, 2024. The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters relating to the Company's risk management and internal controls. There were no disagreements between the Board and the Audit Committee with respect to the accounting treatment method adopted by the Company.

The Company has prepared its annual results for the year ended December 31, 2024 in accordance with HKFRS.

On behalf of the Board
Chairman
Mr. Wang Bin

Hong Kong, March 31, 2025

REPORT OF THE SUPERVISORY COMMITTEE

In 2024, in strict accordance with the Company Law, the Articles of Association and relevant laws and regulations, the Supervisory Committee supervised and inspected the legal operation, financial position, operation and implementation of the management policy in a responsible manner to the Company and all Shareholders, conscientiously performing its due duties and promoting the operation and development of the Company. The 2024 Report of the Supervisory Committee is set out below:

MEETINGS AND RESOLUTIONS OF THE SUPERVISORY COMMITTEE

One meeting of the Supervisory Committee was convened during the Reporting Period. The details of such meeting and relevant resolutions are as follows:

Session of the Meeting	Convening Date	Resolutions considered and approved
1st meeting of the 4th session of the Supervisory Committee	March 26, 2024	Resolutions on: (i) 2023 annual report and the annual results announcement of the Company; (ii) 2023 profit distribution plan of the Company; (iii) the continuing connected transactions list of the Company, annual review of the independent non-executive directors of the Company and confirmation by the auditor of the Company; (iv) 2024 financial budget report of the Company; (v) 2024 work report of the Supervisory Committee; (vi) the general election of supervisory committee of the Company and the adjustment of remuneration of supervisors; and (vii) the proposal of convening 2023 annual general meeting of the Company.

INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON MATTERS RELATING TO THE OPERATION AND MANAGEMENT OF THE COMPANY FOR 2024

Basic evaluation of the operation and management behavior plus performance for 2024

From the perspective of effectively safeguarding the interests of the Company and the rights and interests of Shareholders, the Board conscientiously performed its supervisory duties. The Supervisory Committee was of the view that the Board had conscientiously implemented the resolutions of the general meetings and diligently performed its duties. The resolutions were in compliance with the Company Law and the Articles of Association, without detriment to the interests of the Company and the Shareholders. The management of the Company conscientiously implemented the Board resolutions, without incurring illegal and unlawful acts in the operation, and successfully completed the business plans formulated at the beginning of the year.

Inspection of the Company's financial position

During the Reporting Period, the Supervisory Committee carefully supervised, inspected and audited the financial position and the financial management system of the Company. It was concluded that the Company had a sound financial system, a perfect financial management system and standardized financial operations, and there were no false records or material omissions. PricewaterhouseCoopers audited the Company's annual financial report for the year ended December 31, 2024 and issued a "standard unqualified" auditor's report, which truly and accurately reflected the financial position and operating results of the Company.

Use of proceeds

During the Reporting Period, the Supervisory Committee supervised the use of the proceeds of the Company and is of the opinion that the management of the proceeds of the Company are in compliance with the provisions of relevant laws and regulations and the Articles of Association without violating the interests of the Company and its shareholders. The Supervisory Committee will continue to supervise and monitor the use of proceeds. There were no changes in the use of proceeds or acts that were detrimental to the interests of Shareholders.

External investments

During the Reporting Period, the Supervisory Committee supervised the external investments of the Company and is of the opinion that the Company performed the corresponding decision-making procedures on external investments without prejudice to the interests of the Company.

Continuing connected transactions

During the Reporting Period, the continuing connected transactions of the Company were tailored to the operation and development needs of the Company, with legal and compliant decision-making procedures and fair pricing. There were no acts that were detrimental to the interests of the Company and its Shareholders, particularly minority Shareholders, which served the overall interests of the Company and all Shareholders.

Acquisition and disposal of assets

The verification of the Company's transactions reveals that there were no material acquisitions or disposals of assets during the Reporting Period.

Opinions on the evaluation of the Company's internal control

The Supervisory Committee reviewed the establishment and operation of the internal control system of the Company and is of the opinion that the Company has established a relatively complete internal control system, which is in compliance with the requirements of relevant laws and regulations and meets the actual demands of the production, operation and management of the Company and were effectively implemented. The establishment of the internal control system can better prevent and control the risks in various processes of the operation and management of the Company. To the best knowledge of the Supervisory Committee, there is no material internal control deficiencies. The design and operation of the internal control of the Company are effective.

Preparation and review of annual report of the Company

The preparation and review procedures of the 2024 annual report of the Company conformed to all the relevant regulations of the Stock Exchange. No breach of confidentiality provisions by any person involved in the preparation or review of annual report has been found.

In the coming year, the Supervisory Committee will continue to perform its supervisory and monitoring duties with an aim to strengthen the overall competitiveness and sustainable profitability of the Company and to protect the interests of shareholders and the Company.

HIGHLIGHTS OF THE WORK OF THE SUPERVISORY COMMITTEE IN 2025

Within the spectrum of duties set forth in the Company Law and the Articles of Association, the Supervisory Committee will earnestly perform its due functions with an objective and impartial attitude and in a realistic and practical manner, to safeguard the rights and interests of Shareholders. It will increase its daily attention to and supervision of the Directors, managers and other senior management in performing their duties, executing resolutions and complying with regulations and systems, and promote the smooth reform and innovation plus operation of the Company. According to the Company's 2025 operation objectives and priorities, the Supervisory Committee will focus on the following tasks:

Supervising and inspecting the decision-making on major matters

By attending the meetings of the Board, we understand the process of making relevant major decisions, and check whether the Company's decision-making procedures comply with the provisions of laws and regulations, and whether the Directors and senior management of the Company make decisions prudently and perform duties diligently. We approve, assist and procure the Board and the management to make decisions by following the procedures, to ensure the achievement of the Company's annual business objectives.

Strengthening inspection and execution

The Supervisors' inspection focuses on the fulfillment of the policies of relevant units and management departments of the Company, particularly the handling of certain key links, key parts and more prominent issues. For example, we strengthen the control of accounts receivable and payable and establish a feasible reconciliation system; check whether the Company's financial work is in strict compliance with the relevant accounting policies, systems and regulations, and whether financial accounting is carried out in a timely and accurate manner based on the financial system and accounting standards, and whether there is any insider trading or damage to the rights and interests of certain Shareholders, causing losses to the Company's assets, etc.

Supervising and inspecting the performance of duties by the management

The Supervisors check whether the Directors and senior management of the Company make decisions prudently and work perform duties diligently and faithfully; whether there is any violation of laws, regulations, the Articles of Association or damage to the interests of the Company in performing their duties.

Strengthening the self-construction of the Supervisory Committee

The business level of the Supervisors is an important guarantee for the performance of their duties. In the year ahead, all members of the Supervisory Committee will further strengthen the learning of financial, legal and business knowledge and the study of relevant laws and regulations of listed companies, to continuously improve our ability to perform our duties.

On behalf of the Supervisory Committee
Chairman of Supervisory Committee
Ms. Qin Yi

Hong Kong, March 31, 2025

BOARD STATEMENT

The Board of Directors (the "Board") of Beijing Ubox Online Technology Corp. and its subsidiaries (hereinafter referred to as "Ubox", "the Group" or "we") is the highest responsible and decision-making body for Environmental, Social and Governance ("ESG") matters. It assumes the ultimate responsibility for the Group's ESG strategies and information disclosure, and monitors ESG related matters that may affect the Group's business or operations, as well as its shareholders and other stakeholders[1]. The Board has established an ESG Committee, which is responsible for identifying and assessing ESG risks related to the Group, ensuring that the Group has an appropriate and effective ESG risk management and internal control system, and reporting to and reviewing with the Board on the progress of achieving relevant ESG goals. For details, please refer to "ESG strategy and management".

The Group values the suggestions and opinions of various stakeholders, ensuring sufficient channels for communication and exchanges with major stakeholders to discuss and determine the Group's important ESG issues and potential ESG risks, and continuously improving ESG related strategies and policy systems. The Board has reviewed the ESG materiality issues for this year, and has passed proposals to adjust the importance of various ESG issues, ensuring the timeliness and rationality of the materiality issue matrix. For details, please refer to "Stakeholder communication and materiality assessment".

The Group has developed an ESG target management system for indicators such as carbon emissions, pollutant emissions, energy consumption, and water resource management. The Board reviews the progress of the targets on an annual basis and examines any necessary adjustments or improvements to ensure that the Group continues to make progress in achieving its ESG goals. For details, please refer to "Practicing green operations".

The Board and all directors warrant that the content of this ESG Report (hereinafter referred to as "ESG Report", or "Report") does not contain any false records, misleading statements, or major omissions, and they assume responsibility for the authenticity, accuracy, and completeness of the report. This report comprehensively discloses the progress and effectiveness of the Group's ESG work in 2024, and undertakes to make every effort to ensure the accuracy and reliability of all data presented in this report, which is managed through the establishment of internal control and formal review procedures. This report was confirmed and approved by the Board on 31 March 2025.

REPORT PREPARATION SPECIFICATION

This is the second ESG report issued by the Group. It outlines the principles adhered to by the Group in fulfilling its corporate social responsibility and its sustainable development concept, summarizes the results of communication and exchanges with major stakeholders, aiming to enable stakeholders to understand Ubox and its affiliated companies' ESG policies, measures, and performance beyond financial results and business operations, and share the vision and commitment to social responsibility.

1 "Stakeholders", refer to groups and individuals who have a significant impact on or will be affected by the business of an enterprise, including the internal board of directors, management, administrative staff and general employees, as well as external shareholders, business partners, customers, government and regulatory agencies, banks and investors and community groups.

PREPARATION BASIS

This Report is prepared in accordance with the four reporting principles (Materiality, Quantitative, Balance and Consistency) of the Appendix C2 – "Environmental, Social and Governance Reporting Guide" ("the Guide") of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited. The relevant interpretations are as follows:

Materiality	When the Board determines that relevant ESG matters will have a significant impact on investors and other stakeholders, the issuer shall make a report.
Quantitative	Key performance indicators of historical data must be measurable; the issuer should set targets for reducing individual impacts (which can be actual figures or directional, forward-looking statements); the effectiveness of ESG policies and management systems can be evaluated and verified; quantified information should be accompanied by explanations to elaborate its purpose and impact, and comparative data should be provided where appropriate.
Balance	The ESG Report should present the issuer's performance in an unbiased manner, avoiding selection, omission, or presentation formats that may unduly affect the decision-making or judgment of report readers.
Consistency	The issuer should use consistent disclosure and statistical methods to enable meaningful comparison of ESG data in the future.

REPORTING TIME AND SCOPE

This Report covers the overall performance of practicing sustainable development and fulfilling corporate social responsibility from January 1, 2024, to December 31, 2024 (the "Reporting Period"). The selection principle of the report scope follows the financial threshold principle in the standards. The Report covers the information and data of major subsidiaries[2] accounting for more than 50% of the Group's revenue, which is consistent with the scope of last year's report, and combines multi-dimensional indicators to comprehensively evaluate the Group's ESG performance during the year.

REPORTING LANGUAGE

This Report is published in Traditional Chinese and English versions. In case of any discrepancy, the Traditional Chinese version shall prevail.

2 Major subsidiaries accounting for more than 50% of the Group's revenue: The scope of the report prioritizes the subsidiaries whose revenue accounts for a large proportion of the Group, and the total revenue accounts for more than 50% of the group's revenue, and a total of 25 important subsidiaries are selected.

1. ABOUT UBOX ONLINE

1.1. Group Profile

Beijing Ubox Online Technology Corp. was founded in 2012. Adhering to the Internet-based business concept, it innovatively integrates cutting-edge technologies such as the Internet of Things, big data, cloud computing, and artificial intelligence into automatic vending equipment, continuously leading the industry's development trend and promoting the industrial upgrading of the intelligent vending industry. So far, it has established a presence in numerous cities across the country and operates a variety of intelligent retail terminals such as intelligent cabinets, intelligent vending machines, intelligent coffee machines, and mini KTVs. Its service scenarios cover various types of places including schools, factories, office buildings, and transportation hubs, providing convenient, intelligent, and self-service retail services close to consumers. By leveraging the core capabilities of technology and platform operation accumulated over years of in-depth involvement in the industry, UBOX is committed to providing customers with a one-stop service platform that includes the sales of intelligent vending equipment, professional operation-agency services, commodity procurement services, precise advertising and marketing, and cross-industry brand cooperation services, achieving seamless integration of various industry chains. Ubox aims to become a globally trusted professional platform service provider for smart retail and is an important strategic partner of the Alibaba Economy.

As of December 31, 2024, our network of locations includes 67,144 Ubox vending machine locations, spreading across 142 cities and 29 provincial-level administrative regions in Mainland China. Among them, 87.7% are concentrated in first-tier, new first-tier, and second-tier cities. Ubox's smart retail products include Ubox smart cabinets, Ubox smart vending machines, Youcoffee machines, Youchang KTVs, etc., while providing customers with professional services such as operation, advertising and marketing.

2. ESG MANAGEMENT AND STRATEGY

2.1. ESG Strategy and Management

The Group attaches great importance to the significance of ESG governance. In accordance with relevant laws and regulations, it has developed the "Management System for Environmental, Social and Governance (ESG) Requirements". Combining with the actual situation and under the supervision of the Board, it has elaborated on the responsibilities of the ESG Committee in detail. For example, the ESG Committee is required to formulate and review the Group's ESG vision, goals, strategies, and management policies, review and monitor the Group's ESG management framework, policies, and operational management, and provide recommendations to the Board on relevant ESG work to ensure continuous compliance with legal and regulatory requirements. At the same time, the ESG Committee is also required to promptly review the main trends of ESG, identify ESG related risks and opportunities, and evaluate the adequacy and effectiveness of the Group's ESG related framework. When necessary, it should adopt and update the Group's ESG policies to ensure that these policies remain up to date and comply with applicable laws, regulations, and regulatory requirements.

2.2. Stakeholder Communication and Materiality Assessment

The Group is committed to adopting a constructive communication model to widely collect the opinions of various stakeholders, including shareholders and investors, customers, employees, suppliers, regulatory authorities, and the general public. The Group is well aware that actively listening to these opinions is crucial for safeguarding the interests of all parties. Through various means, the Group can accurately identify its development direction while maintaining close ties with stakeholders to achieve mutual benefit and shared growth.

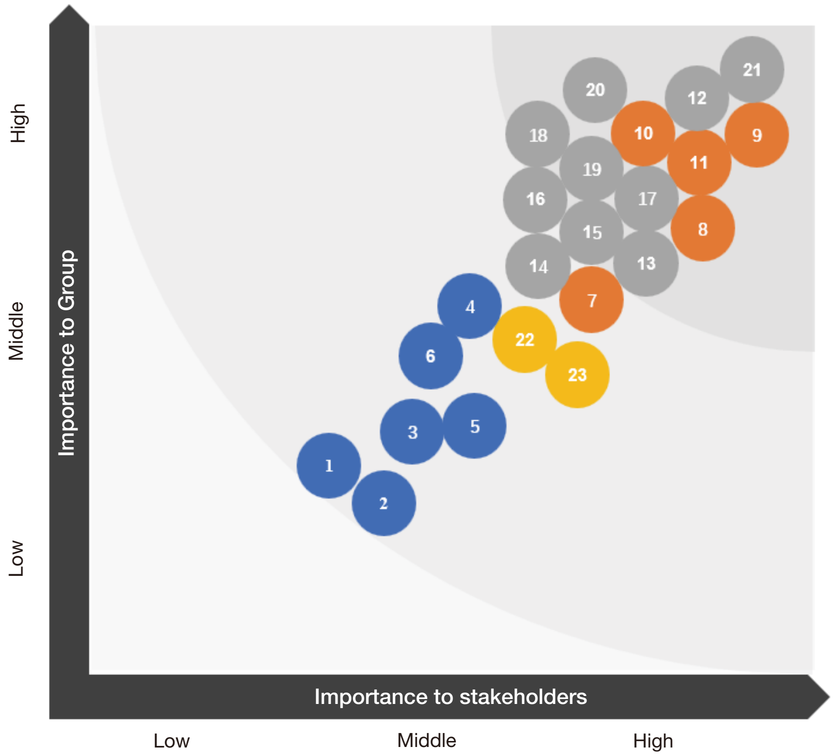
According to the "Management System for Environmental, Social and Governance (ESG) Requirements", the ESG Committee is specifically responsible for overseeing the communication with the Group's stakeholders and identifying ESG related matters that have a significant impact on the Group's operations and/or the interests of other important stakeholders.

The stakeholder groups, their expectations, and the typical communication channels with the Group are as follows:

Major Stakeholders	Expectations and requirements	Main Communication Channels
Shareholders and Investors	Return on investment Protection of shareholders' rights and interests Accuracy and timeliness of information disclosure Combating corruption and advocate integrity	General meeting of shareholders Public information such as corporate annual reports and announcements Inquiries via phone/email to the investor relations column on the official website Investor meetings Information disclosure of listed companies
Customers	Ensure product quality and safety Quality and efficient service Protect customer privacy	Hotline Customer service center Customer satisfaction surveys and feedback forms Online service platform
Employees	Remuneration and benefits Career development and opportunities Safe working environment Vocational training Humanistic care	Work evaluation Employee activities Training Employee surveys
Suppliers	Integrity and mutual benefit Supply chain management A sustainable partnership	Supplier evaluation system On-site inspections Supplier meetings

Major Stakeholders	Expectations and requirements	Main Communication Channels
Regulatory Agency	Compliance operation Ensure product quality and safety Promote economic development	Compliance reports Written responses to enquiry Community participation
The Public	Employment opportunities Efficient use of resources Support social development Reduce pollutant discharge Ecological environment	Recruitment Community participation

We leverage diverse channels to engage in in-depth communication with various stakeholders. This allows us to gain a comprehensive understanding of their opinions and expectations regarding the Group, thereby establishing long-term and mutually-trusting partnerships. It also helps us accurately define the scope that the report should cover. We take into account China's carbon emission policies and reduction targets, the requirements of regulatory bodies, the guidelines of industry associations, the ESG issues identified by peers, as well as the suggestions and requirements of customers. Through comprehensive analysis and review, we identify ESG related matters. After meticulous analysis by the Board and management, we invite internal and external stakeholders of the Group to assess ESG issues, scoring them based on their importance to the Group and to the stakeholders. Ultimately, the following materiality assessment results are obtained, which are consistent with those in 2023.



Environment

1. Exhaust gas emissions management
2. Greenhouse gas emissions management
3. Waste management
4. Energy use and management
5. Use and management of non-renewable resources
6. Climate change response

Employee

7. Employee benefits and talent attraction
8. Employee training and career development
9. Employee health and safety
10. Employee compliance
11. Diversity, equality and inclusion

Product

12. Product quality and safety
13. Risk assessment and governance
14. Responsible investing
15. Intellectual property management
16. Excellent customer service
17. Sustainable supply chain management
18. Industry cooperation and ecological co-construction
19. Business ethics and anti-corruption
20. Information security and trade secret protection
21. Research, development and technological innovation

Society

22. Social contribution
23. Public input

Based on the above assessment results, the Group will continue to strive to optimize its ESG performance, precisely meet the expectations of various stakeholders, and effectively address the various risks and challenges faced during the Group's operations, so as to achieve the Group's sustainable development and long-term value creation.

Details of the Group's ESG work during the reporting period will be presented in the following chapters, namely "Our Business", "Our Employee", "Our Environment" and "Our Community".

3. OUR BUSINESS

Ubox was the first to apply the “internet thinking” to intelligent retail terminals, providing scenario-based and customer-oriented solutions, promoting the sustainable development of the intelligent retail industry, and creating a new intelligent retail ecosystem. As a professional platform service provider for intelligent retail terminals, it is committed to building a deep-cooperation platform for customers that integrates intelligent device procurement, professional consignment operation, and supply-chain distribution, enhancing its own competitiveness, and achieving rapid growth in business scale.

The Group’s main business segments include:

Unmanned Retail Business
Advertising and System Support Services
Wholesale goods
Vending machine sales and rental
Leasing
Other (MiniKTV, etc.)

All vending machines under Ubox are custom-made by the Group from factories. The products in the vending machines are provided by suppliers. Ubox is not involved in product research and development or production.

3.1. Product Liability

Maintaining Product Quality and Safety

Since the products in the Group’s vending machines are all provided by suppliers, the Group is not involved in product research, development, or production. The Group complies with product-safety-related laws and regulations in the People’s Republic of China (“China”), including but not limited to:

- Product Quality Law of the People’s Republic of China;
- Law of the People’s Republic of China on the Protection of Consumers’ Rights and Interests;
- Cybersecurity Law of the People’s Republic of China;
- Advertising Law of the People’s Republic of China;
- Trade Descriptions Ordinance.

During the Reporting Period, the Group did not receive any reports or complaints of serious violations of product-safety-related laws and regulations.

To ensure that product quality meets the Group's requirements, Ubox requires relevant personnel to strictly implement the "Inventory Management Process" formulated by the Group. From the procurement to final delivery to consumers, a closed-loop process control is carried out for each item, effectively preventing quality issues. According to the provisions of the "Inventory Management Process", the Group's main control measures include the following aspects:

Commodity Procurement	Commodity Warehousing	Commodity Out-of-warehouse	Commodity Return and Exchange	Warehouse Inventory	Warehouse Standardized Management
Implement a procurement system based on demand; it is prohibited to allocate goods with a remaining shelf life of less than 45 days.	Conduct on-site acceptance, check the shelf life and packaging; randomly inspect the quality of goods after unpacking.	Follow the principle of first-in, first-out; it is prohibited to ship goods with a remaining shelf life within 15 days.	Promptly count the quantity of returned goods, and check the expiration dates, and inspect the outer packaging for any damages.	Conduct self-inspection and random inventory checks every day; conduct a full inventory at the end of the month, and the inventory supervisor shall participate in the physical counting throughout the process.	Store goods in accordance with the principle of first-in, first-out to effectively prevent goods from expiring; arrange the goods reasonably according to the storage locations.

Commodity Quality Control Measures

In terms of the circulation of goods, the Group has formulated detailed requirements regarding various aspects such as order placement, delivery timeliness, delivery inspection, unloading, return and exchange of goods, and liability for breach of contract, fully ensuring the safety and stability of product quality. In the event of a breach of contract caused by product quality issues, food safety problems, non-compliant product promotion, or infringement of product intellectual property rights, in addition to compensating for the losses, the supplier is required to bear additional punitive penalty for breach of contract.

The Group has established a unified quality standard and assessment system to manage suppliers across the country, ensuring that the quality of products such as vending machine equipment and accessories purchased by the Group remains consistent. This helps to reduce operational risks caused by product quality differences, not only improving the customer service experience and enhancing the brand image, but also ensuring the healthy and robust development of the Group.

Advertising Management

In order to standardize the Group's advertising business process, promote the healthy development of advertising sales, meet the company's business needs, and unify the company's image, the Group has formulated the "Advertising Sales Management System". This system standardizes vending machines, intelligent lockers, convenience lockers, comprehensive machines, cargo lanes, and display positions, and clearly divides the responsibilities of advertising sales management. The Advertising Value-Added Department, Procurement Management Department, Operation Management Department, Finance Department, and Legal Department are jointly responsible.

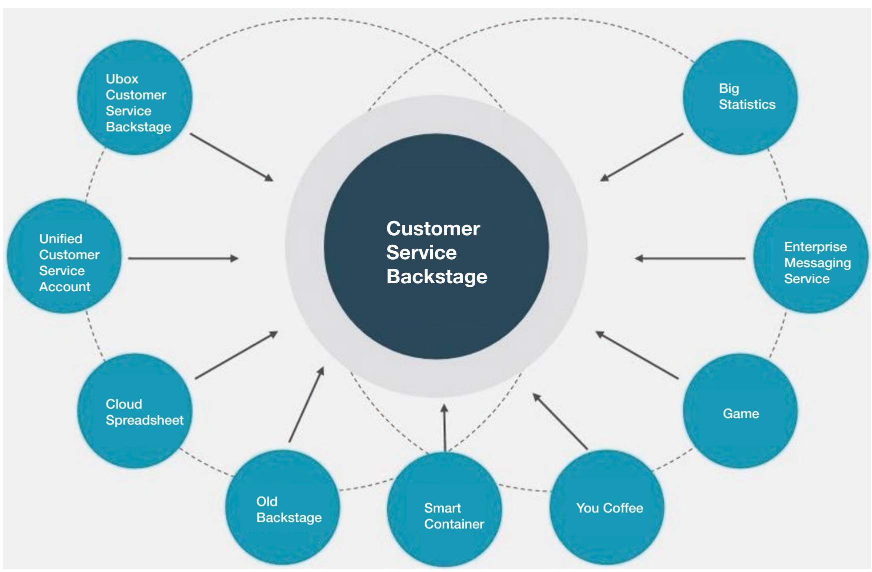
To protect the legitimate rights and interests of the Group and its customers, promote the healthy development of advertising sales, and ensure the efficient and standardized operation of the company's advertising value-added business, the Group has further refined the management system according to various categories within the framework of the "Advertising Sales Management System". For example, the "Customer Management System" standardizes aspects such as customer information collection and evaluation, the signing of customer advertising contracts, and the customer file management platform. The "Price Management System" provides guidance on price formulation, approval, execution, notification, adjustment, and ledger management. The "Advertising Contract Management System" focuses on four key details: contract signing, execution, modification, and archiving. It clarifies the responsible departments and divisions of labor, and at the same time emphasizes that the compliance review of the advertising content must meet the relevant requirements of the "Ubox Advertising Example".

Responsible Department	Division of Responsibilities
Legal Department	Formulates and updates the "Advertisement Release Agreement" according to actual needs, and is responsible for reviewing the legal clauses of the agreement during the signing process.
Procurement Management Department	Confirms with customers according to the company's unified advertisement agreement template. The business positions and department heads are responsible for confirming and reviewing the commercial clauses of the contract, and the support office is responsible for contract performance and feedback, as well as contract document management.
Financial Department	Responsible for reviewing the sales price and tax invoice clauses during the signing process.
Management	Responsible for approving whether the signing of the advertisement agreement complies with the company's regulations, and aligns with the company's business objectives and the principle of maximizing revenue.

Smart Container Body Advertising Example

Value Customer Opinion

In order to enhance customer satisfaction and improve the customer service experience, the Group has formulated the "After-Sales Service Policy" to improve the customer management process and system, and ensure the healthy development of the relationship between the Group and its customers.



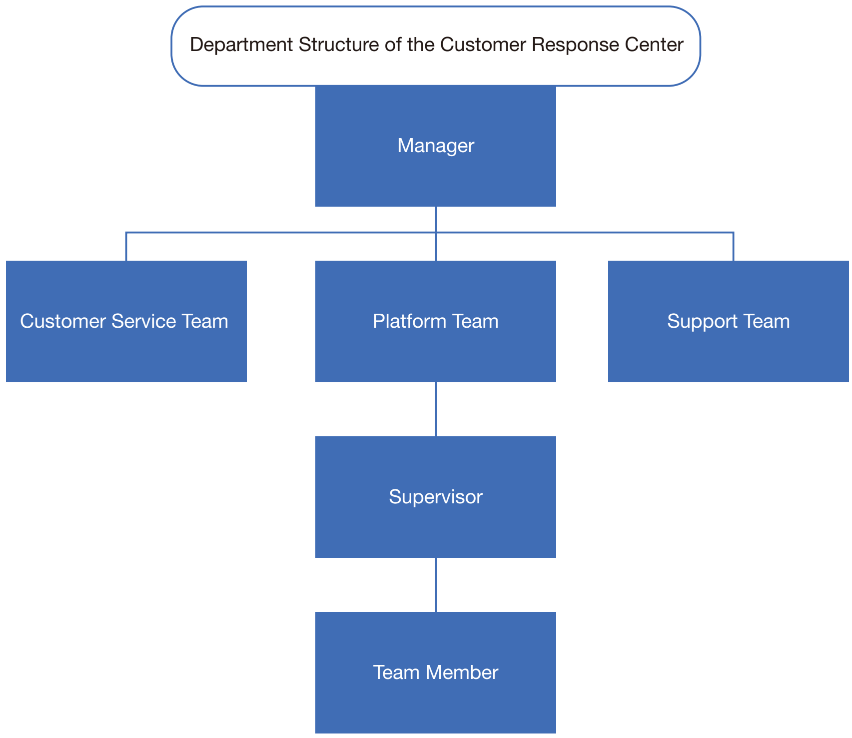
Customer Service Background to Assist Customer Complaint Processing

The "After-Sales Service Policy" provides corresponding handling measures for various situations such as jammed goods, coin swallowing, insufficient change, incorrect delivery, damaged goods, goods nearing the expiration date, and spoiled goods. For example, when there is a situation of jammed goods, coin swallowing, or insufficient change, relevant information needs to be collected and verified, and a refund should be applied for the customer or the amount should be returned through other means. In the case of incorrect delivery, it is necessary to communicate with the customer to see if they accept the goods or receive a refund of the price difference. If the goods are damaged, have insufficient net content, or are nearing the expiration, the local equipment responsible person should be notified to go to the site for verification, and the goods should be replaced for the customer or a refund should be provided, and so on. At the same time, the Group uniformly displays customer service phone numbers, customer service QR codes and other markings on the body of the intelligent lockers. If customers encounter problems when using Ubox vending machines, they can contact the Group's employees for handling by scanning the QR code on the machine body, making a complaint call, and other means.

Vending Machine Customer Service Identification

The Group makes detailed records of each customer complaint, promptly organizes a review, learns from the experience, summarizes the experience in handling complaints, and strengthens complaint management. The Group regularly reviews and evaluates customer complaints, classifying and analyzing them by severity. Key issues are given focused analysis, common issues are addressed through upgrades and reforms, specific cases are resolved on an individual basis. Regarding the complaint information, it should be promptly understood and resolved. Timely communication should be carried out to identify key problem areas and the direct responsible persons, followed by proposing solutions to ensure swift resolution. After the handling is completed, the relevant departments promptly summarize, sort out the problems, notify them in the Group's communication group in a timely manner, and regularly hold online meetings to summarize and discuss the encountered problems, serving as a reminder to other departments. The Group collects market insights and customer feedback, promptly updates the market promotion strategy, communicates with partners immediately according to the content of the complaints, and improves and upgrades the projects.

In order to ensure the quality of customer service and implement the responsibilities of after-sales service in place, the Group has established a Customer Response Department and formulated the "Customer Response Department Employee Manual" at the same time. This manual sets detailed and specific requirements for customer service personnel, covering psychological qualities, character traits, technical skills, and overall competence. Each member of the customer service team undergoes rigorous training and assessment, possessing extensive professional knowledge and strong communication skills. This also enables our call connection rate and customer satisfaction rate to reach an average of over 99% per year, establishing a strong relationship with customers and reinforcing the company's reputation.



Department Structure of Customer Response Center

The Customer Response Center organized a total of 24 training on customer complaint handling within the Group this year. The training content covered customer communication skills, methods and process specifications for handling customer complaints, emotion management and conflict resolution, as well as psychological counseling and care for employees. The training objects included general employees, the total training duration reached 72 hours.

During the Reporting Period, the Group received 211,175 complaints, but the overall customer complaint rate was less than 0.05%. Most of the complaints were about goods getting jammed due to machine failures, network disconnections, and excessive deductions caused by purchasing failures. The customer complaint resolution rate for this year was 100%.

Protect Information Security

Ubox attaches great importance to customer information security. Through strict security management systems and advanced hardware and software technologies, it provides users with strict privacy protection, manages the collection, use, and storage of various types of data, standardizes information security management work, ensures the availability, integrity, and confidentiality of information, and comprehensively safeguards customer privacy. The Group complies with information security-related laws and regulations of China, including but not limited to:

- Secrecy Law of the People's Republic of China;
- Measures for the Implementation of the Secrecy Law of the People's Republic of China;
- Cybersecurity Law of the People's Republic of China;
- Law of the People's Republic of China on the Protection of Consumers' Rights and Interests;
- Internet Information Service Management Measures.

During the Reporting Period, the Group did not receive any reports or complaints of serious violations of information security-related laws and regulations.

The operation of Ubox vending machines involves information security issues. Regarding the maintenance of information security within the Group, the Group has formulated the "Information Asset Protection Plan Management System" and the "Database Management System", which clearly regulate the information security situations involved by the Group. For the use of the database, the Group emphasizes creating user lists for each application system based on their specific database access and management requirements, and it is not allowed for different application systems to share usernames or passwords. All users must comply with the company's information confidentiality system and shall not disclose any database information without permission. For the classification standards of information assets, the Group regards confidentiality, integrity, and availability as the three security attributes for evaluating assets. According to different confidentiality requirements, assets are classified into five different levels, each corresponding to the degree of confidentiality that must be achieved or the impact on the entire organization if confidentiality is compromised. Similarly, assets are classified into five different levels based on integrity requirements, reflecting the impact of integrity loss on the organization. Additionally, assets are categorized into five different levels according to availability requirements, ensuring different degrees of availability are maintained.

Regarding the Group's employees, the Group requires employees to comply with the management principles of the Group's information and customer privacy information during all business operations. Employees are strictly required not to disclose confidential information in private communications, not to discuss confidential information in public places, and not to disclose confidential information in ordinary phone calls and private communications. The Group also organizes information security awareness or information security skills training for employees to improve their information security awareness.

Regarding suppliers, a confidentiality clause is specially included in the commodity purchase and sales contract, requiring both parties to agree to keep the content of the agreement confidential and to ensure that the content of the agreement will not be disclosed to any third party in any way. At the same time, it is emphasized that the business secrets and other information of the other party known by both parties during the conclusion and performance of the agreement, regardless of whether the agreement is established, performed, or terminated, can only be used by the receiving party for the purpose of this agreement and shall not be directly or indirectly provided or disclosed to any third party in any way. Otherwise, the party in violation shall bear the liability for compensation. The obligation of confidentiality remains in effect after the termination, expiration, or cancellation of the contract.

The Group provides users with strict privacy protection through rigorous security management systems and advanced hardware and software technologies, manages the collection, use, and storage of various types of data, standardizes information security management work, ensures the availability, integrity, and confidentiality of information, and comprehensively safeguards customer privacy.

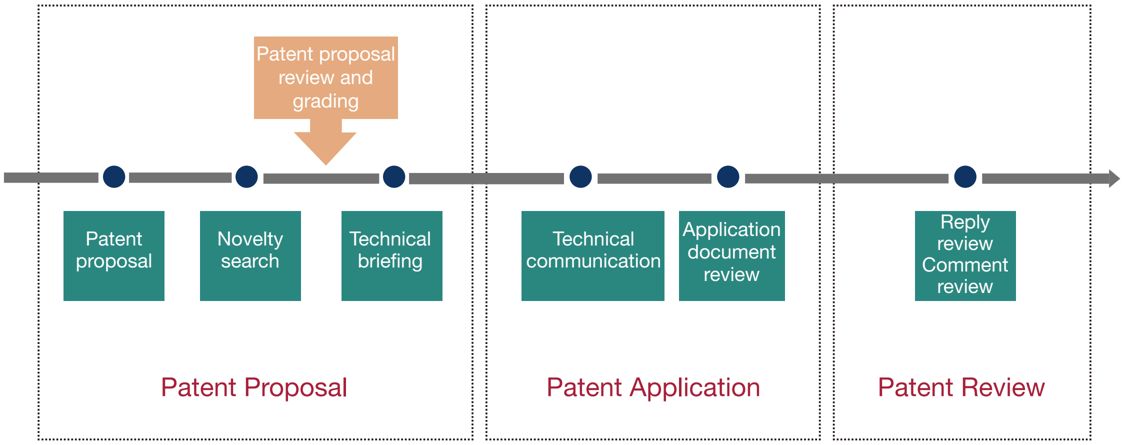
Protect Intellectual Property Rights

The Group complies with intellectual property-related laws and regulations of China, including but not limited to:

- Trademark Law of the People’s Republic of China;
- Patent Law of the People’s Republic of China;
- Copyright Law of the People’s Republic of China;
- Company Law of the People’s Republic of China.

During the Reporting Period, the Group did not receive any reports or complaints of serious violations of intellectual property-related laws and regulations.

At the same time, in order to effectively manage Ubox’s intellectual property rights and promote the standardized management of Ubox’s intellectual property applications, the Group has also formulated the “Operation Guidelines for the Intellectual Property Application Process”. It guides employees to complete intellectual property applications in three stages: “Patent Proposal”, “Patent Application”, and “Patent Examination”, so as to achieve the standardized operation of the intellectual property application management process.



The Overall Process of Patent Application

The Group actively promotes the development, transformation, transfer, and standardized management of the company's scientific and technological achievements; actively carries out technological innovation, attaches importance to transformation and implementation, and promotes the company's technological progress; strengthens the promotion and dissemination of intellectual property laws and regulations, and enhances the company's awareness and capability of intellectual property protection. Through a series of management measures and operation guidelines, the Group improves the effectiveness and efficiency of intellectual property applications, and at the same time strengthens the management of research and development achievements to effectively protect the Group's intellectual property.

In order to encourage job-related inventions and creations, enhance employees' enthusiasm for technological innovation, accumulate and protect the company's intangible assets, maintain market advantages through patents, establish and improve Ubox's intellectual property protection system, and strengthen the company's core competitiveness, the Group has formulated the "Ubox Patent Reward and Punishment Management Measures". Patent awards are not only applicable to current employees, but also interns on the job who serve as inventors or designers can receive the same rewards. The patent reward categories include the Patent Proposal Award, the Patent Acceptance Award, the Patent Authorization Award, and the Patent Special Contribution Award.

Innovation Achievement

The Group attaches great importance to the diversification of service scenarios, constantly explores cross-border cooperation opportunities, and tries to apply innovative technologies such as the Internet of Things, big data, cloud computing and artificial intelligence to our various smart retail terminals to provide customers with newer, smarter and more convenient services. This year, the "Tap-to-Pay" vending machine created by our cooperation with "Alipay Tap-to-Pay" made its first public debut at the "2024 Inclusion • Bund Summit" to provide users with a new interactive experience of "Tap-to-Pay".

Presentation of the “Tap-to-Pay” at the “2024 Inclusion • Bund Summit”

“Tap-to-Pay” Vending Machine User Experience at the “2024 Inclusion • Bund Summit”

3.2. Supply Chain Management

The Group has always strictly followed relevant government regulations and has meticulously formulated detailed procedure manuals and policy systems in the fields of business procurement and supplier management.

In terms of standardizing supplier behavior, the Group has taken a series of effective measures. On the one hand, all suppliers are required to sign the “Commodity Purchase and Sale Contract” and the “Letter of Commitment for Honest and Fair Trading” to ensure that suppliers cooperate in strict accordance with the Group’s various requirements. On the other hand, key contents such as the supplier management assessment mechanism, standardized bidding and procurement management specifications, procurement order and contract management, and quality inspection standards are regarded as essential attachments for supply chain management, and file-based and process-based management is implemented. In this way, the Group has established a rigorous and complete management system to effectively supervise and manage suppliers throughout the entire process from admission to cooperation, ensuring the compliance and fairness of procurement business and the stability of product quality, laying a solid foundation for the Group’s stable operation.

Supplier Qualifications

High-quality suppliers possess advanced production technologies, mature management systems, and strict quality control processes, which can ensure that the products or services they provide meet the Group's high standards. Taking the Group's procurement of vending machine equipment and accessories as an example, only qualified suppliers are more likely to provide products with stable performance and reliable quality, thereby ensuring the normal operation of vending machines, reducing failures, and providing consumers with an enjoyable and seamless shopping experience. Therefore, the Group strictly reviews supplier qualifications in many aspects such as supplier admission and control, and requires suppliers to make corresponding commitments, including but not limited to: commodity business qualifications, agent/distributor files, commodity quality standards, and commodity quality inspections.

At the same time, in order to fulfill its environmental and social responsibilities, the Group always selects cooperative suppliers with a rigorous and responsible attitude. In the early stage of cooperation, we establish a supplier investigation team composed of multiple departments to conduct in-depth and comprehensive supplier investigation work, and comprehensively evaluate the suppliers' comprehensive performance in environmental and social aspects. We will carefully review key indicators such as air emissions, wastewater discharges, and resource utilization to ensure that they meet strict environmental protection standards. At the same time, we widely collect industry evaluations and social evaluations to comprehensively understand the suppliers' professional capabilities, social reputations, and the fulfillment of their social responsibilities.

The Group establishes a complete supplier management system, selects high-quality suppliers, and establishes long-term and stable cooperative relationships with them, thereby further stabilizing the supply chain and ensuring the smooth progress of its business.

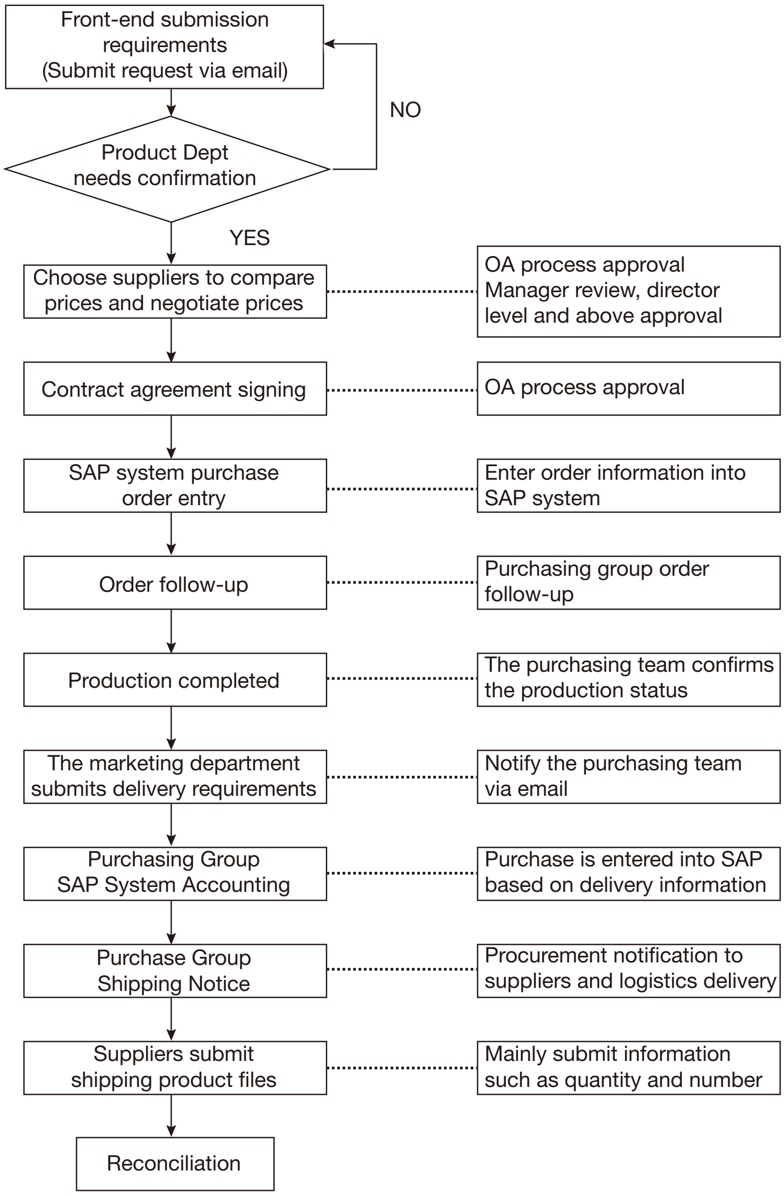
Responsible Procurement

Guided by the concept of responsible procurement, the Group attaches great importance to every detail in the procurement process and is committed to building a fair, just, and sustainable procurement ecosystem.

The Group has formulated the "Bidding and Procurement Management Specification", specially established a bidding management team, and requires relevant personnel to organize bidding and procurement strictly in accordance with the principles of invited bidding, comprehensive bidding, overall bidding, qualification review, transparency and fairness, and confidentiality. It standardizes procurement business, ensures the openness, fairness, and impartiality of the procurement process, improves procurement efficiency and quality, and promotes the standardized and scientific development of the Group's procurement business.

In order to standardize the procurement process, strengthen centralized procurement management, leverage the company's overall advantages, reduce procurement costs, and effectively avoid procurement risks, the Group has formulated the "Procurement Management System" and the "Procurement Management Specification for the Product Department" for vending machine and in-machine product procurement.

The “Procurement Management Specification for the Product Department” focuses on the procurement process of vending machine equipment and accessories, clearly defining the responsibilities of various departments such as the procurement team, product team, quality team, and marketing department to ensure a well-structured and efficient procurement workflow. This not only helps to improve the standardization and transparency of the machine equipment procurement process, but also effectively avoids procurement delays or quality problems caused by unclear responsibilities. It is a key measure for the Group to ensure procurement quality and efficiency in responsible procurement.



Machine Procurement Operation Process

As a retail service provider, the Group attaches great importance to the quality and safety of pre-packaged foods such as beverages and snacks in vending machines. The “Supplier Management System” within the “Procurement Management System” provides detailed regulations on the strict selection of qualified product suppliers and their ongoing monitoring, so as to ensure that they deliver high-quality products and services to the company. The Group actively establishes and continuously improves the supplier management system, and focuses on coordinating the cooperative relationship with suppliers. Its core objective is to continuously enhance the quality and efficiency of product procurement, while ensuring the stability and reliability of the supply chain, minimizing the risks caused by supply chain. This demonstrates responsibility towards consumers, the company, and society.

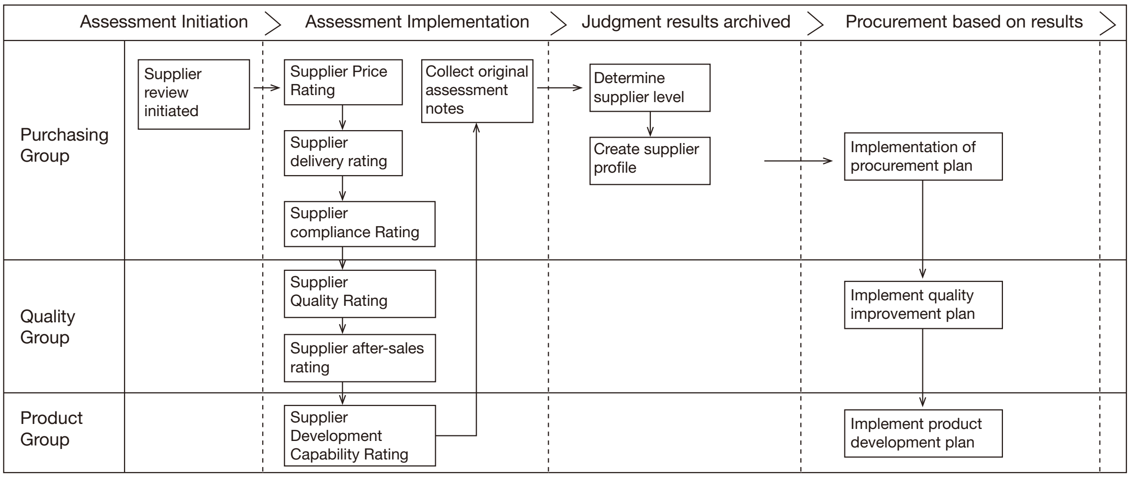
Upholding the concept of responsible procurement, the Group always selects suppliers that meet the standards of environmental protection, social responsibility, etc. This not only helps to meet social and regulatory requirements, but also promotes the Group’s own sustainable development, achieving a win-win situation between economic and environmental benefits.

Supplier Assessment

In order to ensure that suppliers can meet the Group’s product strategic development needs and that the procurement capabilities can meet the requirements of the company’s sustainable development, the Group implements a dynamic assessment management system for suppliers. In accordance with the provisions of relevant laws and regulations such as the Civil Code of the People’s Republic of China and the Company Law of the People’s Republic of China, and combining with the current actual situation of the Group, the Group has formulated the “Supplier Management Assessment Mechanism” and requires that the supplier evaluation standards must cover the following aspects:

Evaluation Criteria	Evaluation Content
Quality Criteria	It mainly involves inspection reports, defective supply rate, monthly delivery quantity, improvement efficiency, quality improvement, major quality incidents, etc.
Delivery Standards	It mainly involves the delivery of goods, the number of batches delivered on a monthly basis, etc.
Price	It mainly involves unit price, quotation, etc.
Service	It mainly involves after-sales service, etc.
Fit Degree	It mainly involves support fit, etc.
Product Development Capability	It mainly related to technical capability, technical team, etc.

At the same time, based on the main business situation, the Group has carried out classified supplier management for vending machines and the goods inside them. For example, the suppliers of vending machines are graded into four levels: "A, B, C, and D"; the suppliers of goods inside vending machines are classified as strategic suppliers, preferred suppliers, ordinary suppliers, temporary suppliers, eliminated suppliers, and blacklisted suppliers, and relevant management regulations are implemented.



Supplier Assessment and Review Flow Chart

By establishing a supplier assessment mechanism, the Group has achieved a synergistic effect in procurement management and overall operations. This not only maintains the stability of product and service quality, but also ensures the reliability of the purchased equipment and accessories, reducing the maintenance frequency of vending machines, maintaining normal operations, and improving consumer satisfaction. At the same time, it enhances procurement efficiency and effectiveness, optimizes the procurement process, reduces procurement costs, improves procurement efficiency, achieves the rational allocation of resources, and promotes the development of the entire supply chain.

Suppliers that align with the Group's strategic development direction will receive recognition and support in assessments. For example, suppliers that actively respond to environmental protection requirements and demonstrate innovation capabilities can collaborate with the Group in aspects such as sustainable development and product innovation, helping the Group to achieve its long-term strategic goals.

Supplier Situation

During the year, the Group's major suppliers were divided by region as follows:

Region	Quantity
Northeast China	15
North China	56
East China	129
South China	80
Central China	42
Northwest China	17
Southwest China	37

Since Ubox vending machines are distributed across 142 cities and 29 provincial administrative regions in Mainland China, through the efficient management of suppliers across the country, the Group can comprehensively obtain information such as the inventory and production capacity of suppliers in various regions. When managing suppliers in different regions, the Group can formulate differentiated cooperation strategies according to the characteristics of different regions.

In order to streamline the control process, save transportation costs, flexibly manage the operation of vending machines, and also manage carbon emissions from the ESG perspective, the Group has equipped suppliers close to the operation points in each city. The branches or affiliated warehouses of suppliers in various regions directly supply goods to the operation points. While implementing local procurement, it drives the development of local unmanned retail services and enhances convenience for consumers.

In order to fulfill its environmental and social responsibilities, when selecting cooperative suppliers, the Group conducts investigations in advance on the environmental and social performance of suppliers. It examines the environmental conditions of suppliers, including air emissions, wastewater discharge, and resource utilization. For professional products and services, it also investigates the industry evaluations and social evaluations of the suppliers. The Group encourages suppliers to engage in mutual supervision in the coming years, working together to achieve multi-dimensional improvements in environment, social, and governance performance.

Health Purchasing and Diversified Purchasing

Ubox's products cover vending machines, convenience lockers, intelligent lockers, Youchang machines, Youtowel machines, coconut machines, orange juice machines, etc., and it has also actively expanded into the fields of e-commerce, local life services, O2O, and so on.

This year, the Group closely monitored market dynamics and accurately captured market direction. Based on insights into the trend of healthy eating, the Group actively carried out targeted procurement work, focusing on introducing popular healthy products, such as sugar-free and low-sugar tea beverages, as well as additive-free juices produced using the non-concentrate reconstitution process. The Group has fully stocked these healthy products in vending machines across the country. This measure not only aligns with market demand but also demonstrates the Group's commitment to promoting health-focused choices in the procurement process.

At the same time, the Group attaches great importance to market feedback and implements a diversified procurement strategy based on local conditions. By conducting in-depth research on the taste preferences of consumers in different regions, the Group procures brand products with regional characteristics and strategically places them in vending machines in different regions. For example, in the Sichuan and Chongqing regions, considering the local consumers' preference for spicy food, vending machines are stocked with various spicy snacks; while in the Jiangsu and Zhejiang regions, in response to the local consumers' preference for sweetness, vending machines provide a wide variety of sweet snacks. Through this precise procurement and layout method, the Group can better meet the personalized needs of consumers in different regions and enhance its market competitiveness.

3.3. Ethical Management

In today's complex and ever-changing business environment, the Group always takes upholding integrity in business operations as the cornerstone and core principle of its development, and integrates it comprehensively into every dimension of its business.

In its daily operations, the Group strictly upholds ethical standards based on compliance, and ensures no violations of regulations or disciplinary lines are crossed. In the market competition, the Group firmly follows the market rules of fair competition, resolutely resists any unfair competition behaviors, and takes the initiative to maintain a healthy market order. It actively develops an open and transparent price system, enabling customers to clearly understand the value of goods and services, and obtain high-quality experiences at reasonable prices, thus earning the trust of customers and the recognition in the market.

In order to strengthen internal management and enhance employees' awareness of compliance, the Group continues to put in efforts, regularly releasing detailed and comprehensive compliance management reports, making the internal compliance management status transparent to all employees and society, and welcoming oversight from all parties. At the same time, from the onboarding training of new employees to the regular professional development for existing employees, compliance topics are integrated into daily work and training, ensuring that compliance concepts are deeply ingrained ed and become an inherent part of every employee's behavior.

In order to ensure that business transactions with suppliers comply with the principles of integrity and fair trade, the Group requires suppliers to sign the "Letter of Commitment to Integrity and Fair Trade", committing to adhere to Ubox's principles of fair trade. This commitment will automatically apply to the current and future transactions of the committing party with Ubox and/or Ubox's affiliated companies.

During the Reporting Period, the Group did not receive any cases of breach of contract due to violations of the terms.

3.4. Anti-corruption and Integrity Building

The Group complies with the laws and regulations of China regarding the prevention of corruption, bribery, and other unethical business behaviors, including but not limited to:

- Criminal Law of the People's Republic of China;
- Company Law of the People's Republic of China;
- Anti-Unfair Competition Law of the People's Republic of China;
- Anti-Money Laundering Law of the People's Republic of China.

During the Reporting Period, the Group did not receive any reports or complaints of serious violations of laws and regulations related to the prevention of corruption, bribery, and other unethical business behaviors.

The Group promotes a corporate culture of integrity, uprightness, and transparency, striving to create an environment conducive to anti-bribery, anti-corruption, and anti-fraud. The promotion of a culture of integrity and honesty includes (but is not limited to) the following methods:

– The top management insists on setting an example by themselves and takes the lead in adhering to all the company's policies and regulations through practical actions.

– The company's anti-fraud policies, procedures, and relevant measures should be effectively communicated or trained within the company in various formats, such as through the employee handbook, the release and promotion of company rules and regulations, or the local area network. It is necessary to ensure that employees receive training on relevant laws, regulations, and professional ethics regulations, so that they understand the concepts involved in the code of conduct; help employees identify legal and illegal, ethical and unethical behaviors. All employees must clearly understand the company's firm stance on preventing fraud and their responsibilities in anti-fraud efforts, and consciously strive to improve their anti-fraud awareness and skills.

– New employees should receive anti-fraud training and education on laws, regulations, integrity, and ethics.

– Encourage employees to comply with laws and regulations and engage in honest and ethical behaviors in their daily work and interactions, help employees properly handle conflicts of interest and inappropriate financial enticements that may occur; and disclose the company's commitment to lawfulness and ethical conduct in an appropriate manner.

– Employees can report unethical and dishonest behaviors through the reporting channels, either with their real names or anonymously. The company should formulate and implement effective education and punishment policies.

According to the company's business objectives and the provisions and requirements of the listed company laws, regulations, securities markets, and regulatory authorities, combined with the actual situation of the company, the Group has formulated the "Anti-Fraud Management System".

The Group defines the responsibilities of the regulatory authorities in the anti-bribery, anti-corruption and anti-fraud work:

The Board	Responsible for urging the management to establish an anti-bribery, anti-corruption and anti-fraud cultural environment within the company, and to establish and improve an internal control system that includes the prevention of fraud.
Audit Committee of the Board	As the leading body of the company's anti-bribery, anti-corruption and anti-fraud work, it provides guidance and supervision for the company's work in these areas.
Management	Responsible for establishing, improving and effectively implementing internal controls including fraud risk assessment and fraud prevention, and conducting self-assessment to reduce the chances of bribery, corruption and fraud. It should also take appropriate and effective remedial measures against bribery, corruption and fraud, and accept the supervision of the Audit Committee and the Board. The management shall be held accountable for the occurrence of fraud.
Internal Audit Department	As the permanent body for anti-bribery, anti-corruption and anti-fraud efforts, it is responsible for the implementation of these initiatives within the company and its subsidiaries.
Heads of Subsidiaries and Departments	They are responsible for managing bribery, corruption and fraud within their respective units and departments, and are the primary responsible persons for implementing anti-bribery, anti-corruption and anti-fraud measures within their units and departments.

We expect all employees to remain loyal to the Group, safeguard the its interests, and avoid conflicts of interest during their work within the Group. The Group has also included clauses related to prohibiting commercial bribery in the its purchase and sale contracts, ensuring that both the purchasing and selling parties and employees are aware of and committed to strictly complying with the relevant anti-commercial bribery laws and regulations of China. Any form of bribery and corruption will violate the law and will be subject to severe legal consequences.

The Group provides employees with anti-corruption and anti-bribery training and relevant prevention plans, promoting integrity management, and improving employees' awareness of integrity and ethical conduct. Through these measures, it promotes alignment between employees' behavior and the Group's culture of integrity, honesty, and transparency, actively creating an environment conducive to anti-bribery, anti-corruption, and anti-fraud efforts.

4. OUR EMPLOYEE

In today's highly competitive business world, Ubox is well aware that employees and talents are the key factors determining the success of the Group. The Group has formulated the "Salary Management System", "Welfare Management System", "Attendance and Leave Management System", "Employee Behavior Reward and Punishment Management Measures" and "Employee Career Development Planning Management System", aiming to provide employees with broad development opportunities, unleash their potential and creativity, and enable employees and talents to achieve self-fulfillment while driving the Group towards new heights.

During the Reporting Period, there were a total of 816 employees in the major subsidiaries of the Group whose revenue accounted for more than 50% of the Group's total revenue, among which female employees accounted for as high as 29%.

The employee turnover rate of the major subsidiaries of the Group whose revenue accounted for more than 50% of the Group's total revenue has decreased by half compared to last year, now standing at just 31%. This reflects employees' recognition of the Group's values and corporate culture.

4.1. Equal Employment System

The Group complies with labor-related laws and regulations of China, including but not limited to:

- Labor Law of the People's Republic of China;
- Labor Contract Law of the People's Republic of China;
- Labor Dispute Mediation and Arbitration Law of the People's Republic of China;
- Labor and Employment Promotion Law of the People's Republic of China;
- Employment Services and Employment Administration Regulations;
- Industrial Injury Insurance Ordinance.

The Group provides equal employment opportunities for all applicants and employees, regardless of religion, nationality, marital status, gender, age, or disability. It respects the unique qualities of each individual, offers fair and equal opportunities, and promotes an inclusive culture.

During the Reporting Period, no employment discrimination incidents occurred within the Group.

In terms of labor employment, the Group strictly follows relevant national laws and regulations. At the same time, the Group strictly complies with the Law of the People's Republic of China on the Protection of Minors and the Regulations on the Prohibition of the Use of Child Labor. In order to eliminate the use of child labor from the source, the Group has taken a series of rigorous measures in the recruitment process. In the recruitment requirements, it is clearly stated that applicants must be at least 18 years old. During the recruitment process, applicants are first required to present their identification documents for verification to ensure that they meet the minimum working age requirement. When new employees join the company, the Human Resources Department will sign labor contracts with them and require employees to provide identification cards, academic certificates, certificates of termination of labor relations with their previous companies and other documents when going through formal employment procedures. In addition, background checks will be conducted to gain an in-depth understanding of the basic situation of employees, comprehensively ensuring the authenticity and validity of employees' identities and resolutely preventing any illegal employment situations.

The Group upholds a responsible attitude toward employees, placing great importance to promoting on promoting their physical and mental well-being. In terms of work time arrangements, the Group strictly stipulates the working hours of employees in accordance with the law, enabling employees to work efficiently within a reasonable time frame. At the same time, the Group stipulates that employees are entitled to enjoy legal holidays in accordance with the law, fully ensuring that employees have sufficient rest time, resolutely avoiding any situations of forced labor, and being committed to creating a healthy, harmonious and legal working environment for employees.

During the Reporting Period, the Group did not violate any relevant laws and regulations regarding compensation and dismissal, recruitment and promotion, working hours and vacations, other benefits and welfare, equal opportunities, diversity, anti-discrimination, prevention of child labor or forced labor. During the Reporting Period, no cases of child labor or forced labor occurred within the Group.

4.2. Employee Remuneration and Benefits

In order to achieve the company's talent strategic objectives, stimulate employees' potential, enhance the internal driving force for the company's sustainable development, clarify the company's value distribution orientation, and establish a competitive compensation system, the Group has formulated the "Salary Management System" and implemented a compensation system which is based on job value and performance-oriented. It not only has an annual salary adjustment system but also sets up special salary adjustments to motivate and retain high-performance employees in key positions.

In order to motivate employees and improve work efficiency, the Group has also formulated the "Employee Behavior Reward and Punishment Management Measures". This reward measure applies to individual employees as well as the entire team that has made additional contributions to the company. The reward principles are to adhere to fairness, justice, and openness; to focus on moral encouragement supplemented by material incentives; and rewards and recognition include certificates, plaques, medals, bonuses, prizes, public acknowledgement in internal media, inclusion in employee files, offering priority training and career development opportunities, and using commendations as a reference for salary adjustments and job promotions. Through the effective implementation of the "Employee Behavior Reward and Punishment Management Measures", it not only encourages employees and teams to put forward improvement suggestions for the rationalization of the company's operation and management, timely discovers and prevents potential risks in work, but also guides employees to continuously learn and improve in their work, actively share skills and work experience with the team, and promotes employees to actively participate in social welfare activities, having a positive and good impact on society.

In order to promote the company's development, reflect the people-oriented corporate culture concept and characteristics, the Group has also simultaneously established the following welfare system with guarantee and incentive functions to attract and retain excellent employees and protect employees' legitimate rights and interests. The Group's employee benefits include the following categories:

Benefit Programs	Benefits Content
Supplemental Commercial Insurance	The company pays supplementary commercial medical insurance for employees to eliminate their concerns.
Annual Physical Examination	The company organizes a group physical examination for employees every year.
Company Welfare Leave	Include welfare leave and parental leave (Children's Day, etc.).
Full Paid Sick Leave	Employees are entitled to sick leave with full pay for working days each year according to their seniority.
Holiday Benefits	When it comes to major holidays, the company will give employees unified standard holiday gifts according to the business situation.
Wedding Gifts	Employees who receive a marriage certificate while working at the company can enjoy the corresponding amount of gift money.
Birth Gifts	Employees (including men) who give birth while working for the company can enjoy the corresponding amount of gift money.

Benefit Programs	Benefits Content
Birthday Gifts	Employee birthday, the company will give employees a unified standard birthday benefits according to the business situation.
Team Building Fee	In order to enhance team cohesion, the company sets up activity funds for departmental team building.
Travel Allowance	For employees who travel on business, the company has set up a corresponding travel allowance.
Growth and Development Benefits	In order to enable employees to enhance their professional and management skills, the company provides funding for advanced technical training and further education for top-performing employees.

4.3. Attach Importance to Talent Development

Career Development Planning

At Ubox, talents are regarded as the most core and valuable wealth. The Group has always prioritized employee growth, upholding the concepts of cherishing, cultivating, and utilizing talents. We provide comprehensive and multi-level opportunities for every employee to showcase their skills and and realize their self-worth.

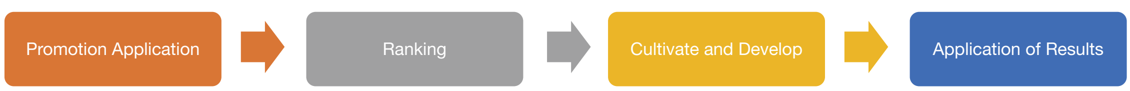
In order to further standardize the management of employees' career development planning, the Group has meticulously established a comprehensive and scientific talent development system. There are detailed plans, ranging from the guidance of career planning for new employees upon joining the company, to the clarification of promotion channels during their tenure, and then to the elite talent cultivation plan for senior employees. At the same time, we are committed to building a personnel and position matching organization, ensuring perfect alignment between employees and positions through precise job analysis and talent assessments. To ensure the effective implementation of this series of talent development measures, in accordance with the relevant regulations of the company, the Group has formulated the "Employee Career Development Planning Management System". This system not only provides clear guidance for employees' career development but also lays a solid foundation for the long-term development of the company.

The "Employee Career Development Planning Management System" emphasizes the systematic, long-term, and developmental principles of employee career development. At the same time, it also standardizes relevant management principles, such as the principles of openness, fairness, and justice, the principle of hierarchical development at each level, and the principle of potential promotion and demotion.

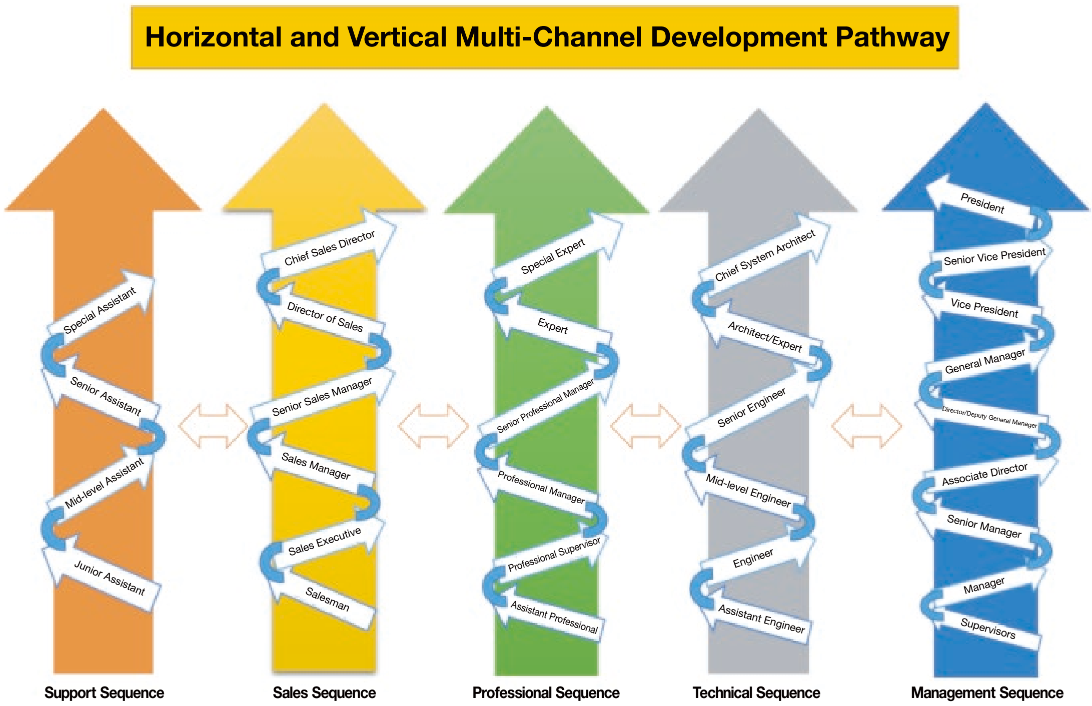
Support Sequence (B)	Sales Sequence (S)	Professional Sequence (P)	Technology Sequence (T)	Management Sequence (M)
Support	Sales	Human Resources Administrative Management Purchasing Management Financial Management Marketing Operations Management Customer Service Comprehensive Legal	Quality Management Technical Support R&D Product Design Implementation	Grassroots Management Middle Management Senior Management

Position planning Sequence

The Group has meticulously created diversified career development channels to comprehensively meet the growth needs of employees. On the one hand, it encourages employees to specialize, and continuously hone their professional skills in their areas of expertise, aiming to become top talents in the industry. On the other hand, it strongly advocates for developing multiple skills, supporting employees in cross-disciplinary learning, expanding their career boundaries, and enhancing overall competitiveness. At the same time, the Group always adheres to the principle of fairness and justice, providing every employee with equal promotion opportunities, making ability and effort the sole criteria for promotion, and motivating employees to continuously push their limits and achieve their career aspirations. For example, the Human Resources Management Department organizes 1-2 promotion assessments every year. Employees who meet the requirements can submit relevant information according to the registration requirements in the "Employee Promotion Application Form". The relevant departments will conduct qualification reviews on the employees. For those who meet the requirements, the Talent Management Office will organize them uniformly. According to the competency standards corresponding to the job levels, the next round of assessment will be carried out in the form of work report presentations. Different learning courses will be designed and planned according to the positions and levels, providing employees with a one-month training cycle.



Promotion Process



Employee Career Development Path

Training Dynamics

The Group encourages employees to continuously learn and improve, grow through learning, and achieving success through practice. The company is committed to providing employees with sufficient training and development opportunities. Different training are arranged for different job types, and different departments can independently arrange or apply for training. The Group offers one-on-one mentoring for new employees to help them quickly adapt to the working environment and become familiar with their job responsibilities. In addition, for specific types of employees, the Group has also formulated corresponding operation guidelines, such as the “On-site Operation Standards” for operational positions and the “Safe Operating Practices for Loading, Unloading and Distribution” for operational and maintenance positions. These operation guidelines classified by types not only specifically standardize the operations of corresponding employees but also effectively protect the safety of employees.

During the Reporting Period, the Community Development Department organized 921 intensive training courses for the community scene business expansion project, and provided a three-day on-the-job training on corporate culture, work processes, and practical operations for the business team of the community flash sale project.

Community Scene Business Development Project 921 Intensive Training Course

4.4. Employee Health and Safety

The Group complies with the laws and regulations related to occupational health and safety of China, including but not limited to:

- Fire Protection Law of the People's Republic of China;
- Occupational Health and Safety Management System;
- Industrial Injury Determination Measures;
- Industrial Injury Insurance Ordinance.

During the Reporting Period, the Group did not receive any reports or complaints regarding serious violations of laws and regulations related to occupational health and safety.

The Group standardizes employee safety, builds a safety management system, creates a safe and healthy working environment, and conducts comprehensive safety education for employees. The Group regularly provides training for employees and organizes diverse safety activities to improve safety awareness and safety management skills. New employees are provided with a series of safety training as part of their onboarding plan, and existing employees receive such training every year. The training are carried out in a way that encourages employees to actively participate in activities, such as fire drills and traffic safety learning for drivers, etc., aiming to strengthen the training of safety concepts and enhance employees' safety awareness.

Work safety is related to the personal safety of employees, as well as the interests and image of the company. In order to standardize all operation matters during the loading, unloading, arrangement, removal and relocation of Ubox machines and goods, and to ensure the safety of machines and personnel during the operation process, the Operation Department of the Group has specially formulated the "Safe Operating Practices for Loading, Unloading and Distribution". The operation specification includes the following contents:

Work Safety	Specification Requirements
Warehouse Loading and Unloading Safety – Forklift Operation	• City managers should conduct safety education and on-the-job training for each loading and unloading worker and forklift driver. Especially for new employees, pre-job training, on-site safety guidance and supervision should be carried out.
Warehouse Loading and Unloading Safety – Warehouse Handling	• Regularly conduct safety education and on-the-job training for operational staff, actively promoting and implementing safety responsibilities to enhance warehouse handling safety awareness; • When new employees participate in handling operations for the first time, they should work under the supervision and guidance of other colleagues; • According to different seasons and weather conditions, pay attention to cold prevention, heat prevention, anti-freezing and anti-skid measures to prevent harm to operators caused by weather changes. For example, operations are prohibited in thunderstorm weather.
Safety Specifications for Installation and Removal of Machines	• Before installing or removing the machines, safety warning cones, warning tapes or warning signs should be set up around the operation area. Workers are required to wear safety warning vests to prevent accidents caused by dim lighting at the work site; • During the operation, ensure that there are no people or obstacles in the area. Continuously observe the surrounding environment, constantly remind passers-by to stay away from the work area and pay attention to safety; • In case of slippery roads, employees are required to wear anti-slip shoes and gloves. At the same time, the installation and removal of machines are not allowed in bad weather.

In view of the unique nature of Ubox's operations, in order to ensure the safety of drivers and the use of vehicles, the Group has also specially formulated the "Ubox Operation Lifecycle Management Manual". The management manual has made detailed procedural requirements for the safety management responsibilities of drivers, vehicle administrators, branch general managers, regional general managers and regional operation directors, etc. At the same time, it has also provided clear guidelines for the access system of personnel in driving-related positions in the operation management department, and standardized the necessary conditions that candidates should possess in terms of driving skills, qualification certificates, basic vehicle knowledge, and safety awareness when recruiting personnel for driving-related positions such as operation specialists, operation and maintenance specialists, and operation managers.

During the Reporting Period and in the past three years, no employees of the Group died due to work-related reasons.

5. OUR ENVIRONMENT

Problems such as environmental pollution, global warming, and resource scarcity have posed great threats and challenges to the world. The Group has always adhered to the concept of high-quality product services, remained committed to protecting the earth and conserving the environment. We actively develop a comprehensive environmental management system, measures and regulations, working together with employees and customers to create a greener ecosystem. The Group is fully aware of the risks related to climate change and deeply understands the importance of effectively managing these risks.

During the Reporting Period, the Group was committed to complying with the main environmental laws and regulations of China, including but not limited to:

- Environmental Protection Law of the People's Republic of China;
- Environmental Protection Tax Law of the People's Republic of China;
- Water Pollution Prevention Law of the People's Republic of China;
- Air Pollution Prevention Law of the People's Republic of China;
- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste;
- Cleaner Production Promotion Law of the People's Republic of China;
- Noise Pollution Prevention Law of the People's Republic of China.

During the Reporting Period, the Group did not receive any reports or complaints regarding serious violations of environmental laws and regulations.

5.1. Practicing Green Operations

Reduce Air Emissions

Reducing air emissions has a crucial impact on the environment, human health, and economic development. The Group adopts a more environmentally friendly and efficient management model to reduce operating costs and achieve a win-win situation in terms of economic and environmental benefits.

Due to the nature of the Group's business, vehicles are needed to transport goods between vending machines in various cities and warehouses. During the Group's operation process, there is no consumption of natural gas by stoves, and the air emissions mainly come from the fuel consumed by official business vehicles.

The types and information of air emissions generated by the Group during the year are as follows:

Emission types	Unit	Year 2024	Year 2023
NO_X	kg	**4,220.78**	3,303.22
SO_X	kg	**7.91**	5.84
PM	Kg	**393.30**	304.25

During the Group's operation process, there is no consumption of natural gas by stoves. The greenhouse gas (GHG) emissions mainly come from the fuel consumed by official business vehicles, the use of refrigerants, and the consumption of externally purchased electricity.

The Group's GHG emissions for the year are summarized as follows:

GHG emissions types	Unit	Year 2024	Year 2023
GHG emissions			
Scope 1 Direct GHG emissions	CO_2 equivalent (tonnes)	**1,462.28**	1,071.36
Scope 2 Indirect GHG emissions	CO_2 equivalent (tonnes)	**575.31**	617.32
Total GHG emissions	CO_2 equivalent (tonnes)	**2,037.59**	1,688.69
GHG emission intensity			
Scope 1 Direct GHG emissions	CO_2 equivalent (tonnes)/ number of employees	**1.79**	1.41
Scope 2 Indirect GHG emissions	CO_2 equivalent (tonnes)/ number of employees	**0.71**	0.81

The Group has always been committed to reducing the impact of its own operational activities on the natural environment, actively promoting and practicing the concept of green operations, and integrating green thinking into every aspect of its daily operations.

In terms of vehicle use, the Group has taken a series of effective measures. On the one hand, it has vigorously increased the proportion of new energy vehicles and gradually phased out high-emission vehicle models. It strictly controls the number of vehicles, optimizes fuel consumption management, eliminates the phenomenon of using official vehicles for personal purposes, and effectively improves the utilization efficiency of vehicles. On the other hand, by making full use of system analysis combined with practical experience, it accurately determines the daily replenishment locations, scientifically plans the replenishment routes, avoids excessive replenishment, and achieves the reasonable allocation of replenishment vehicles. At the same time, it strictly conducts annual inspections of the company's vehicles in accordance with national regulations to ensure that the vehicles can legally drive on the road after passing the inspection. In addition, through measures such as implementing a single fuel card for each vehicle, dynamic limit management of fuel costs, and continuously and flexibly disposing of idle vehicles, the vehicle emissions are effectively reduced.

In terms of equipment upgrades, the Group has also achieved remarkable results by upgrading the smart container to support dynamic recognition. This advancement not only increases the product capacity but also reduces the frequency of replenishment at each location while maintaining the same revenue, thereby reducing the exhaust emissions of the operating vehicles.

In addition, the Group adopts (full vehicle) transportation with pallets. While reducing the loading and unloading costs and improving the loading and unloading efficiency, it improves the transportation efficiency through the full vehicle direct distribution mode, promotes energy conservation in carbon emissions, and makes greater contributions to environmental protection.

The Group has set goals for vehicle use, expecting to increase the use of new energy vehicles in the coming years, control electricity consumption, and reduce the total GHG emissions by 1%.

Waste Management

Since the Group is not involved in the product production process, it avoids the generation of waste that may occur during the processing of raw materials, packaging materials, and related waste materials.

In daily operations, the Group consciously reduces resource consumption through means such as daily recycling and reuse. In terms of technical control, it has replaced incandescent lamps with LED energy-saving lamps. At the same time, the Group actively promotes the responsible paper usage by encouraging black-and-white double-sided printing to minimize waste. Financial invoicing has transitioned from paper invoices to electronic invoices, and system digitization has been enhanced to reduce the printing of paper documents such as line stock lists. Electronic document signing is also implemented to decrease paper consumption, promote paperless operations, optimizes workflows, and enhance employees' environmental awareness. In addition, the napkins, tissues, and toilet paper purchased by the Group are all made of recycled paper, reducing the use of disposable paper products. It uses reusable office stationery such as document bags, folders, and ballpoint pen holders, and encourages employees to bring their own water cups to reduce the waste of plastic bottles and paper cups. At the same time, it actively promotes the accurate classification of garbage, posts promotional slogans, and helps with the garbage classification work in the community.

There is a small amount of hazardous waste generated in the Group's office premises, such as toner cartridges, fluorescent tubes, and toner powder cartridges. These will be directly handed over to the recycling station near the warehouse or placed in the special hazardous waste bins in the office park. Additionally, the Group has established a battery usage record, reduces the use of disposable batteries, and replaces them with rechargeable batteries. The harmless waste that can be recycled is collected and classified, and then handed over to professional institutions for resource utilization.

The Group has set goals for waste emissions, expecting to control waste emissions from a more comprehensive perspective in the coming years, aiming to reduce both the emissions of harmless waste and hazardous waste by 1%.

Energy Use

The Group has always adhered to the concept of minimizing energy consumption while ensuring efficient operations. It actively supports the use and promotion of clean energy and strives to improve the comprehensive utilization rate of resources.

In the operation and management of vending machines, the Group reasonably sets the operating time according to different operation locations and actual situations. For example, for vending machines installed in schools, the shutdown time will be set according to the winter and summer vacations, and the goods will be promptly removed. For vending machines located in places with clear operating hours such as cinemas and subway stations, the shutdown time is set according to their operating hours. In high-traffic areas such as office buildings and residential areas, vending machines are set to energy-saving modes according to the flow of people. The operation settings of each vending machine are managed by the Group's employees to ensure both operational efficiency and compliance with energy conservation and environmental protection standards.

The Group has set goals for the energy use of vending machines. It hopes to increase the use of machines with energy-saving modes in the coming year, phase out high-energy-consuming machines, and reduce the total electricity consumption by 1%.

In terms of employees' energy-saving behaviors, the Group actively encourages employees to turn off unnecessary electrical equipment when leaving the office and maintain the room temperature between 25 and 27 degrees Celsius to reduce energy consumption. The office enforces the regulation of shutting down computers after work to ensure that all equipment is turned off during non-working hours. At the same time, office equipment such as printers and projectors are shared to reduce idle equipment and avoid waste. The operation of office equipment such as water dispensers, printers, and conference equipment is controlled. They are turned on and off at fixed times. According to the requirements of the equipment's usage time, frequency, and load, timely adjustment and control are carried out to optimize the operation of energy-consuming equipment and achieve the goals of energy conservation and environmental protection. The Group will also conduct inspections in the office from time to time, reminding all employees to supervise each other and develop good energy-saving habits, jointly helping the Group to achieve a greener and more low-carbon office environment.

In terms of low-carbon travel, the Group has introduced an environmental travel control policy to strengthen travel management, expand low-carbon travel options on the travel platforms, closely monitor carbon emissions from business trips, and encourage employees to choose low-carbon transportation means such as trains and public transportation to reduce carbon emissions.

After the Group's efforts in implementing energy conservation and efficiency improvement and strengthening the promotion of energy conservation to employees, the Group's energy consumption and intensity during the year are as follows:

Types	Unit	Year 2024	Year 2023
Electricity consumption	MWh	**1,305.61**	1,059.72
Total electricity consumption intensity	MWh/number of employees	**1.60**	1.39

Energy consumption is uniformly converted to megawatt-hour measurement with the following results:

Types	Unit	Year 2024	Year 2023
Direct energy consumption	MWh[3]	**5,220.74**	3,860.01
Indirect energy consumption	MWh	**1,305.61**	1,059.72
Total energy consumption	MWh	**6,526.35**	4,919.73
Energy consumption intensity	MWh/number of employees	**8.00**	6.47

Water Resource Management

In view of the preciousness of water resources and their impact of water resource consumption on the ecological environment, the Group attaches great emphasis to the management of water resource consumption.

The water used for the Group's operations all comes from the unified urban water supply system connected to the rented office buildings, offices, and warehouses, mainly for daily office use. In order to actively practice the concept of green environmental protection, the Group has formulated and implemented a series of comprehensive and meticulous water-saving measures. For example, the Group has implemented technological innovations to assist water conservation, such as retrofitting some faucets with sensor switches. By using smart control, water is supplied as needed, effectively preventing the issue of continuous running water and significantly reducing unnecessary waste of water resources. This demonstrates the Group's commitment to environmental conservation and water-saving practices through technology. In terms of precise water management, the Group conducts regular water consumption monitoring and adjusts water-saving strategies in a timely manner. The Group also regulates water flow in areas with high water usage such as the pantry and toilets to ensure sufficient supply while avoiding excessive waste. At the same time, a regular inspection mechanism for water-use equipment has been established to promptly detect and repair leaks, ensuring the efficient and responsible use of water resources.

3 The calculation of MWh units of energy conversion is based on the Energy Statistical Manual published by the International Energy Agency.

In addition to emphasizing facility management measures, the Group also prioritizes strengthening employees' environmental awareness. It continuously conducts water conservation awareness campaigns to encourage employees to develop good habits such as turning off taps promptly and using water efficiently. By enhancing employees' awareness of water scarcity and the importance of water conservation, the Group aims to make water conservation a collective responsibility and foster a company-wide culture of environmental protection.

The Group's water consumption and its intensity during the year are as follows:

Types	Unit	Year 2024	Year 2023
Water consumption	tonnes	**10,924.40**	9,068.00
Water consumption intensity	tonnes/number of employees	**13.39**	11.93

5.2. Tackle Climate Change

Climate change has become a severe global challenge that profoundly affects everyone's life. The Group closely monitors domestic and international climate change policies and standards. As a responsible corporate citizen, it actively contributes to global climate action and supports China's "dual carbon" goals. The Group gradually conducts GHG emission inventory work. Referring to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), it transparently discloses and compares the GHG emissions and energy consumption in the report. Additionally, it actively participates in carbon emission reduction programs, working to reducing the Group's operational carbon footprint and promoting a low-carbon culture to support climate action.

The Group will also continuously implement the company's existing relevant policies in response to climate change. Meanwhile, it will keep summarizing, improving, and evaluating major climate-related matters and the corresponding countermeasures.

Risk Category	Impact on the Group	Measures
Physical Risk		
Immediate risks: Extreme weather accidents	Extreme strong winds, heavy rains, fires, and power outages lead to power failures or malfunctions and accidents of vending machines. Sudden incidents affect the safety of employees commuting to and from work, and the unsafe environment poses potential work-related injury risks, etc.	• Once receiving notifications from the meteorological bureau regarding blizzards, heavy rains, or typhoons, an email will be sent immediately to inform the corresponding company of the specific situation of the severe weather;

Risk Category	Impact on the Group	Measures
		• Specific safety management requirements are formulated, including: safety management of personnel and vehicles, such as safety inspections before driving, promoting key precautions while driving, and stopping operations when necessary; management of warehouse goods and equipment assets, such as reinforcing the warehouse and taking flood prevention and control measures; protection and strengthening measures for the machines at the locations, such as installing awnings for outdoor machines, adding foot pads, and moving the placement position of the machines when necessary. The regional director will supervise the implementation and synchronize the information to the headquarters. In case of special circumstances, measures will be taken immediately to ensure the safety of personnel and the situation will be reported to the headquarters; • In response to the high summer temperature, the company will offer care initiatives, such as providing mung bean soup, distributing heat-relief supplies, and issuing high-temperature subsidies according to local government standards. If it is impossible to work in extremely hot weather, the working hours of front-line personnel will be adjusted as appropriate.

Risk Category	Impact on the Group	Measures
Long-term risks: Global temperatures rise, sea level rise	Chronic changes such as the melting of glaciers and the rise of sea levels caused by global warming will have an impact on future commodity transportation and storage, etc.	• Continuously pay attention to the situation of global warming and improve the warehouse operation environment and commodity storage environment.
Transition Risk		
Policy and regulatory risks: Tightening of climate-related policies	The introduction of policies related to energy conservation and emission reduction, and more stringent emission reporting obligations and compliance requirements.	• Continuously monitor regulatory trends to ensure that the Group's emissions comply with the latest legal requirements.
Technological Risks: Products Being Replaced by Low-carbon New Technology Products	The unmanned retail market expects the use of vending machines to be more intelligent, convenient, and environmentally friendly, or the Group's vending machines may be completely replaced by new technology products.	• Continuously encourage research and development and innovation, pay attention to new market trends, keep an eye on the emergence of new product technologies, and widely recruit talents.
Market risks: Increased market demand for green products	The unmanned retail market is placing great emphasis on green products, and the emergence of more environmentally friendly alternative products reduces the market competitiveness of the Group's products.	• Continuously encourage research and development and innovation, explore the path of green procurement, use green technologies to produce green products, and maintain core competitiveness with high technical levels and years of professional production capabilities.
Reputational risks: Society's perception and evaluation of low-carbon enterprises	Customers or the community have a poor impression and evaluation of high-carbon-emission enterprises, so they do not invest in or purchase the products of such enterprises, thus affecting profitability and market share.	• Continuously take measures to reduce carbon emissions, disclose and publicize the company's contributions in terms of ESG to society, and call for carbon reduction actions.

6. OUR COMMUNITY

The Group has always shouldered its social responsibilities, As an important member of society, it actively and proactively fulfills the mission of promoting social development and staying attentive to social dynamics.

During the Reporting Period, the Group has cooperated with many property management companies in first-tier cities and new first-tier cities, and increased the investment in community scene locations. These community locations closely revolve around the needs of residents in residential communities. Relying on intelligent vending machines, they bring efficient, convenient and unmanned retail services that are close to daily life to the residents. Whether it is the immediate replenishment of daily necessities or the casual purchase of snacks for leisure, residents can easily access these without leaving the community, greatly meeting the demand for convenience and significantly improving resident satisfaction. This is not only an extension of commercial services, but also a contribution by the Group to enhance the quality of life of community residents.

The Group will further deepen its understanding of the specific needs of community users, continuously enrich the variety of products, introduce more high-quality products, and continuously optimize the unmanned vending experience and services, so that residents can enjoy a more considerate and high-quality shopping experience.

In addition, the Group will also continue to invest in the field of public welfare. In the future, the Group plans to promote more convenient intelligent retail terminals to the social level. By establishing cooperative relationships with public welfare organizations, it will deploy equipment in special areas and supply products at cost or discounted price, helping to improve the living conditions of vulnerable groups, earnestly fulfilling the solemn commitment of giving back to society, and contributing to the construction of a better society.

OVERVIEW OF KEY PERFORMANCE INDICATORS

Environmental Performance

	Types	Unit	Year 2024	Year 2023
Air Emissions	NO_x	Kg	**4,220.78**	3,303.22
	SO_x	Kg	**7.91**	5.84
	PM	Kg	**393.30**	304.25
GHG Emissions	Scope 1 Direct GHG emissions	tonnes CO_2 equivalent		
	– Petrol and Diesel		**1,429.16**	1,049.63
	– Refrigerant		**33.12**	21.74
	Scope 2 Indirect GHG emissions	tonnes CO_2 equivalent		
	– Electricity Purchase		**575.31**	617.32
	Total GHG emissions	tonnes CO_2 equivalent/number of employees	**2,037.59**	1,688.69
	GHG emissions intensity		**2.50**	2.22

	Types	Unit	Year 2024	Year 2023
Waste Emissions	Hazardous waste	tonnes	0.39	0.19
	Hazardous waste intensity	tonnes/number of employees	0.0005	0.0002
	Domestic garbage	tonnes	616.53	403.37
	Non-hazardous waste intensity	tonnes/number of employees	0.76	0.53
Energy Consumption	Direct energy	MWh		
	– Petrol		4,909.18	3,568.38
	– Diesel		311.56	291.63
	Indirect energy	MWh		
	– Electricity		1,305.61	1,059.72
	Total energy consumption	MWh	6,526.35	4,919.73
	Energy consumption intensity	MWh/number of employees	8.00	6.47
Water Consumption	Total water consumption	m^3	10,924.40	9,068.00
	Water consumption intensity	m^3/number of employees	13.39	11.93

Social Performance

Employee Distribution		Year 2024	Year 2023
Number of employees in the major subsidiaries accounting for more than 50% of the Group's revenue			
Gender	Male	581	516
	Female	235	244
Rank	Chief executive	1	1
	Senior Management	3	4
	Middle Management	24	25
	Ordinary employee	788	730
Employment Type	Full-time	808	752
	Part-time	8	8
Age	Under 30	178	182
	30 to 40	511	453
	41 to 50	111	105
	Over 50	16	20
Total		816	760

Employee Distribution		Year 2024	Year 2023
Employees leaving distribution and proportion in the major subsidiaries accounting for more than 50% of the Group's revenue[4]			
Gender	Male	**218 (38%)**	423 (82%)
	Female	**39 (17%)**	62 (25%)
Age	Under 30	**78 (44%)**	172 (95%)
	30 to 40	**155 (30%)**	265 (58%)
	41 to 50	**21 (19%)**	45 (43%)
	Over 50	**3 (19%)**	3 (15%)
Total number and proportion of employees leaving		**257 (31%)**	485 (64%)

Occupational Safety and Health Performance	Year 2024	Year 2023
Number of work-related deaths (Current year and within the past three years)	**0**	0
Number of work-related injuries	**2**	0
Number of working days lost due to work-related injury	**90**	0

Training		Year 2024	Year 2023
Employees training distribution and proportion in the major subsidiaries accounting for more than 50% of the Group's revenue[5]			
Gender	Male	**87 (77.0%)**	162 (71.4%)
	Female	**26 (23.0%)**	65 (28.6%)
Rank	Chief executive	**0 (0.0%)**	0 (0.0%)
	Senior Management	**1 (0.9%)**	0 (0.0%)
	Middle Management	**32 (28.3%)**	25 (11.0%)
	Ordinary employee	**80 (70.8%)**	202 (89.0%)
Total number of training employees		**113 (14.0%)**	227 (30.0%)

4 The number of leaving employees in this category divided by the number of employees in this category at the end of the year.

5 The number of trained employees in this category divided by the total number of trained employees.

Training		Year 2024	Year 2023
Employees training hours in the major subsidiaries accounting for more than 50% of the Group's revenue			
Gender	Male	**87**	104
	Female	**26**	104
Rank	Chief executive	**0**	0
	Senior Management	**1**	0
	Middle Management	**32**	104
	Ordinary employee	**80**	104
Total training hours		**113**	208

Regional Distribution of Suppliers	Year 2024	Year 2023
Northeast China	**15**	10
North China	**56**	49
East China	**129**	101
South China	**80**	79
Central China	**42**	30
Northwest China	**17**	12
Southwest China	**37**	25

CONTENT INDEX

The "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide

Subject Area		Content	Chapter Index
A. Environment			
Aspect A1: Emissions			
General Disclosure	A1	Related to exhaust and GHG emissions, discharge to water and land, generation of hazardous and non-hazardous wastes, etc.: (a) policies; and (b) information on compliance with relevant laws and regulations that have a material impact on the issuer.	Reduce Air emissions Waste Management
KPIs	A1.1	Types of emissions and related emission data.	Reduce Air emissions
	A1.2	Direct and energy indirect GHG emissions and densities.	Reduce Air emissions
	A1.3	Total amount and density of hazardous waste generated.	Waste Management
	A1.4	Total amount and density of non-hazardous waste generated.	Waste Management
	A1.5	Describe the emissions targets set and the steps taken to achieve them.	Reduce Air emissions
	A1.6	Describe the handling method of hazardous and non-hazardous waste, waste reduction targets, and concluded between the description and the steps taken to achieve these goals.	Waste Management
Aspect A2: Use of Resources			
General Disclosure	A2	Policies for the efficient use of resources, including energy, water, and other raw materials.	Energy Use
KPIs	A2.1	Total direct and/or indirect energy consumption and density by type.	Energy use
	A2.2	Total water consumption and density.	Water Resources Management
	A2.3	Describe the energy efficiency targets set and the steps taken to achieve them.	Energy Use
	A2.4	Describe any problems that may arise in obtaining the applicable water source, the water efficiency targets set and the steps taken to achieve them.	Water Resources Management
	A2.5	The total amount of packaging materials used in the finished product and the amount per unit of production.	Waste Management

Subject Area		Content	Chapter Index
Aspect A3: The Environmental and Natural Resources			
General Disclosure	A3	Policies to minimize significant impacts on the environment and natural resources.	Practicing Green Operations
KPIs	A3.1	Describe the significant impacts of business activities on the environment and natural resources and the actions taken to manage these impacts.	Practicing Green Operations
Aspect A4: Climate Change			
General Disclosure	A4	Policies to identify and respond to significant climate-related issues that have and are likely to have an impact.	Tackle Climate Change
B. Society			
Aspect B1: Employment			
General Disclosure	B1	Related to pay and termination, hiring and promotion, hours worked, leave, equal opportunity, diversity, anti-discrimination, and other treatment and benefits: (a) Policies; and (b) information on compliance with relevant laws and regulations that have a material impact on the issuer.	Equal Employment System Employee Remuneration and Benefits
KPIs	B1.1	Total number of employees by sex, type of employment (such as full-time or part-time), age group and region.	OVERVIEW OF KEY PERFORMANCE INDICATORS
	B1.2	Employee turnover rates by sex, age group and region.	OVERVIEW OF KEY PERFORMANCE INDICATORS
Aspect B2: Health and Safety			
General Disclosure	B2	Related to providing a safe working environment and protecting employees from occupational hazards: (a) policies; and (b) information on compliance with relevant laws and regulations that have a material impact on the issuer.	Employee Health and Safety
KPIs	B2.1	Number and rate of work-related deaths in each of the past three years (including the reporting year).	Employee Health and Safety
	B2.2	Number of working days lost due to injury.	Employee Health and Safety
	B2.3	Describe the occupational health and safety measures adopted and the relevant implementation and monitoring methods.	Employee Health and Safety

Subject Area		Content	Chapter Index
Aspect B3: Development and Training			
General Disclosure	B3	Policies relating to enhancing employees' knowledge and skills in performing their job duties. 3. Describe training activities.	Attach Importance to Talent Development
KPIs	B3.1	Percentage of trained employees by sex and category of employees.	Attach Importance to Talent Development
	B3.2	Average number of hours per employee completing training by sex and employee category.	Attach Importance to Talent Development
Aspect B4: Labour Standards			
General Disclosure	B4	Related to the prevention of child or forced labor: (a) Policies; and (b) information on compliance with relevant laws and regulations that have a material impact on the issuer.	Equal Employment System
KPIs	B4.1	Describe measures to review recruitment practices to avoid child and forced Labour.	Equal Employment System
	B4.2	Describe the steps taken to eliminate the situation if a violation is found.	Equal Employment System
Aspect B5: Supply Chain Management			
General Disclosure	B5	Policies to manage environmental and social risks in the supply chain.	Supply Chain Management
KPIs	B5.1	Number of suppliers by region.	Supply Chain Management
	B5.2	Describe the practices relating to the employment of suppliers, the number of suppliers to whom the practices are performed, and the relevant enforcement and monitoring methods.	Supply Chain Management
	B5.3	Describe the practices for identifying environmental and social risks at each stage of the supply chain, as well as the relevant enforcement and monitoring methods.	Supply Chain Management
	B5.4	Describe the practices promoting greater use of environmentally friendly products and services in the selection of suppliers and the relevant enforcement and monitoring methods.	Supply Chain Management

Subject Area		Content	Chapter Index
Aspect B6: Product Responsibility			
General disclosure	B6	Relating to health and safety, advertising, labelling and privacy matters and remedies for the products and services provided: (a) Policies; and (b) information on compliance with relevant laws and regulations that have a material impact on the issuer.	Product Liability
KPIs	B6.1	Percentage of total products sold or shipped that must be recalled for safety and health reasons.	Product Liability
	B6.2	Number of complaints received about products and services and how to respond.	Value Customer Opinion
	B6.3	Description of practices relating to the maintenance and protection of intellectual property rights.	Protect Intellectual Property Rights
	B6.4	Describe the quality verification process and product recovery procedures.	Maintaining Product Quality and Safety
	B6.5	Describe the consumer data protection and privacy policy and the relevant enforcement and monitoring methods.	Protecting Information Security
Aspect B7: Anti-corruption			
General Disclosure	B7	Related to the prevention of bribery, extortion, fraud, and money laundering: (a) policies; and (b) information on compliance with relevant laws and regulations that have a material impact on the issuer.	Anti-corruption and Integrity Building
KPIs	B7.1	Number and outcome of corruption proceedings initiated and concluded against the issuer or its employees during the reporting period.	Anti-corruption and Integrity Building
	B7.2	Describe preventive measures and reporting procedures, as well as relevant enforcement and monitoring methods.	Anti-corruption and Integrity Building
	B7.3	Describe the anti-corruption training provided to directors and staff.	Anti-corruption and Integrity Building
Aspect B8: Community Investment			
General Disclosure	B8	Policies relating to community engagement to understand the needs of the community in which it operates and to ensure that its business activities take into account the interests of the community.	Our Community
KPIs	B8.1	Focus on contribution areas (e.g. education, environmental issues, Labour needs, health, culture, sport).	Our Community
	B8.2	Resources (such as money or time) used in the area of concentration.	Our Community

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its Shareholders. The principles of the Company's corporate governance are to promote effective internal control measures and to enhance the transparency and accountability of the Board to all the Shareholders.

The Company has adopted the principles and code provisions of the Corporate Governance Code set forth in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices. In the opinion of the Board, during the Reporting Period, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code, save for the deviation from code provision C.2.1 which is further explained in the section headed "Chairperson and Chief Executive Officer" below.

The Board will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

CORPORATE CULTURE

As a vending machine operator in mainland China with strong operation and digitalization capabilities and over a decade of experience, we are well positioned to capture the massive market opportunity driven by the fast growth of the under-penetrated unmanned retail market in mainland China.

Since its establishment in 2011, the Company has been adhering to the Internet business philosophy and actively promoting retail intelligence through cloud platform management and offline smart operation models. So far, it has been deployed in various cities in China, operating approximately 67,144 Ubox POS. Ubox's retail products include pick-and-go cabinets, beverage vending machines, beverage and snack vending machines and freshly brewed beverage vending machines and others.

The Company's vision and dedication provide guidance for employees' ethics and behavior, ensuring that they are incorporated into the Company's operating practices, workplace policies and practices, and stakeholder relationships. The management of the Company is responsible for setting the tone and creating corporate culture for the Company, defining the Group's mission, values and strategic direction, which are reviewed by the Board. The Group's culture, mission, values and strategies remain consistent, taking into account that corporate culture is reflected in various environments, such as workforce engagement, employee retention and training, legal and regulatory compliance, employee safety, welfare and support.

BOARD OF DIRECTORS

Board composition

As at the date of this annual report, the Board currently comprises the following Directors:

Executive Directors

Mr. Wang Bin *(Chairman and Chief Executive Officer)*
Mr. Chen Kunrong (resigned with effect from January 11, 2024)
Mr. Yu Lizhi
Ms. Cui Yan
Mr. Chao Hua (appointed with effect from May 21, 2024)

Non-executive Directors

Mr. Zhu Chao
Ms. An Yufang

Independent non-executive Directors

Mr. Wang Xiaochuan (retired with effect from May 21, 2024)
Ms. Guo Wei
Mr. Zhang Chen
Mr. Zhang Changhao (appointed with effect from May 21, 2024)

An up-to-date list of the Directors and their roles and functions is maintained on the Company's website and the Stock Exchange's website. The biographical details of the Directors are set out in the section headed "Directors, Supervisors and Senior Management – Biographical Details of Directors" of this annual report.

During the Reporting Period, the Board has met the requirements of the Listing Rules regarding the appointment of at least three independent non-executive Directors (representing at least one-third of the Board), with at least one of whom possessing appropriate professional qualifications, or accounting, or related financial management expertise. To provide transparency to the investor community and in compliance with the Listing Rules and the Corporate Governance Code, the independent non-executive Directors are clearly identified in all corporate communications containing the names of the Directors.

The Company has received annual written confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

In compliance with Rule 3.09D of the Listing Rules, Mr. Chao Hua and Mr. Zhang Changhao, who were appointed as an executive Director and an independent non-executive Director on May 21, 2024 respectively, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on May 21, 2024 from Han Kun Law Offices LLP and they have confirmed that their understood their obligations as Directors.

Responsibilities and delegation

The Board is responsible for the leadership and control of the Company, directing and supervising the Company's affairs and acting in the best interests of the Company and its Shareholders.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound risk management and internal control systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have full and timely access to all the information of the Company, and may upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company. The Directors have disclosed to the Company details of other offices held by them.

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

Chairperson and Chief Executive Officer

Pursuant to Code Provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairperson and chief executive officer and Mr. Wang Bin currently performs these two roles. The Board believes that, in view of his experience, personal profile and his roles in the Company, Mr. Wang Bin is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of the Company's business as the chief executive officer. The Board also believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of (i) ensuring consistent leadership within the Group, (ii) enabling more effective and efficient overall strategic planning and execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Board meetings

During the Reporting Period, the Company held twelve Board meetings, three Audit Committee meetings, one Remuneration Committee meeting, one Nomination Committee meeting, one annual general meeting and one extraordinary general meeting. The attendance record of each Director at the above meetings are set out in the table below:

	Attendance/Number of Meetings					
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting	Extraordinary General Meeting
Mr. Wang Bin	12/12	0/0	0/0	1/1	1/1	1/1
Mr. Chen Kunrong (resigned with effect from January 11, 2024)	0/0	0/0	0/0	0/0	0/0	0/0
Mr. Yu Lizhi	12/12	0/0	0/0	0/0	1/1	1/1
Ms. Cui Yan	12/12	0/0	0/0	0/0	1/1	1/1
Mr. Chao Hua (appointed with effect from May 21, 2024)	7/7	0/0	0/0	1/1	1/1	1/1
Mr. Zhu Chao	12/12	0/0	0/0	1/1	1/1	1/1
Ms. An Yufang	12/12	0/0	0/0	0/0	1/1	1/1
Mr. Wang Xiaochuan (retired with effect from May 21, 2024)	5/5	1/1	1/1	0/0	1/1	1/1
Ms. Guo Wei	12/12	3/3	1/1	0/0	1/1	1/1
Mr. Zhang Chen	12/12	3/3	1/1	0/0	1/1	1/1
Mr. Zhang Changhao (appointed with effect from May 21, 2024)	7/7	2/2	0/0	0/0	1/1	1/1

Note:

In addition to the above meetings, Mr. Wang Bin, the chairman of the Board, held one meeting with the independent non-executive Directors without the presence of the other Directors during the Reporting Period.

Appointment and re-election

Code Provision B.2.2 of the Corporate Governance Code states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Each Director (including the non-executive Directors and independent non-executive Directors) is engaged for a term of three years. They are subject to re-election in accordance with the provisions of the Articles of Association.

Training and professional development

Pursuant to Code Provision C.1.4 of the Corporate Governance Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the board remains informed and relevant.

To help the Directors develop and refresh their knowledge and skills, internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, the Company also arranged for its Hong Kong legal advisor in relation to the Listing to provide training to all Directors (including independent non-executive Directors). The training session covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and requirements under the Listing Rules.

The Directors are required to provide details of the training they received in each financial year to the Company for the maintenance of proper training records. Throughout the Reporting Period, the training received by the Directors was as follows:

Name of Director	Type of continuous professional development training
Mr. Wang Bin	A and B
Mr. Chen Kunrong (resigned with effect from January 11, 2024)	B
Mr. Yu Lizhi	A and B
Ms. Cui Yan	A and B
Mr. Chao Hua (appointed with effect from May 21, 2024)	A and B
Mr. Zhu Chao	A and B
Ms. An Yufang	A and B
Mr. Wang Xiaochuan (retired with effect from May 21, 2024)	A and B
Ms. Guo Wei	A and B
Mr. Zhang Chen	A and B
Mr. Zhang Changhao (appointed with effect from May 21, 2024)	A and B

Notes:

A: Attending seminar(s), conference(s), forum(s) and/or training course(s) arranged by the Company or external parties.

B: Perusing materials provided by the Company or external parties, such as materials relating to the Company's business updates, directors' duties and responsibilities, corporate governance and regulatory updates, and other applicable regulatory requirements.

BOARD COMMITTEES

The Board has established three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees are established with specific terms of reference which deal clearly with their authority and duties, and are posted on the Company's website and the Stock Exchange's website.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part II of the Corporate Governance Code.

As at the date of this annual report, the Audit Committee consists of three Directors, namely Mr. Zhang Changhao, Mr. Zhang Chen and Ms. Guo Wei who serves as the chairlady of the Audit Committee, all of them are independent non-executive Directors. The duties and responsibility of the Audit Committee includes but not limited to the following:

- making recommendations to the Board on the appointment, re-appointment, replacement, dismissal and removal of the external auditor, approving and examining audit fees, remuneration and engagement terms of the external auditor and dealing with any issues concerning resignation or dismissal of such external auditor, adopting appropriate measures to supervise the work of the external auditor, and reviewing reports from the external auditor.

- reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standards, and discussing with the external auditor on the nature, scope and relevant reporting obligations of the audit before the audit commences.

- formulating, developing and implementing policies on engaging external auditor to supply non-audit services. For this purpose, the "external auditor" includes any entity that is under the common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Committee shall report to the Board, identifying and making recommendations as to any actions to be taken or any matters to be improved as it deems necessary.

- serving as the Company's key representative body for overseeing the Company's relations with the external auditor.

- monitoring the integrity of the Company's financial statements, annual reports and accounts, interim reports and, if prepared for publication, quarterly reports, and reviewing the significant financial reporting judgements contained in them. The Committee shall particularly review the below matters before submitting the relevant statements and reports to the Board:

  1. any change in the accounting policies and practices;

  2. major judgmental areas;

  3. significant adjustment resulting from audit;

  4. the going concern assumptions and any qualifications of the opinion;

  5. compliance with accounting standards;

  6. compliance with the Stock Exchange Listing Rules and legal requirements in relation to financial reporting.

- reviewing the Company's financial control, risk management and internal control systems and monitoring the implementation of such systems on an on-going basis; and ensuring that the effectiveness of the risk management and internal control system of the Company and its subsidiaries is reviewed at least once a year.

- discussing on the risk management and internal control systems with the management to ensure that the management has performed its duty to establish effective systems. The discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function; supervising the effective implementation of internal control and self-assessment of internal control, and coordinating internal control audit and other related matters.

- on its own initiative or as assigned by the Board, considering material findings of investigations of risk management and internal control matters and the feedback by the management to such findings.

- ensuring coordination between the internal audit department and external auditor, ensuring that the internal audit department is adequately resourced and has appropriate standing within the Company, and reviewing and supervising the effectiveness of the internal audit department.

- reviewing the financial and accounting policies and practices of the Company and its subsidiaries.

- reviewing the management letter (《審核情況說明函件》) issued by the external auditor to the management, any material queries raised by the auditor to the management about accounting records, financial accounts or systems of control and the management's response.

- ensuring that the Board will provide a timely response to the issues raised by the external auditor in the management letter.

- ensuring the Company has established suitable channels for employees to report or raise any concerns, in confidence, about possible inappropriateness in financial reporting, internal control or other matters, reviewing relevant arrangements from time to time, and ensuring proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up actions.

- reporting the annual report on overall risk management to the Board.

- reviewing the risk management strategies and material risks management solutions of the Company, reviewing and monitoring the Company's policies and practices in respect of compliance with legal and regulatory requirements.

- reviewing the judgment criteria or the judgment mechanism related to major decision-makings, major risks, major events and important business procedures, as well as the risk assessment report of major decisions.

- reporting to the Board on related issues within the scope of the Committee's duties; and reporting to the Board about the Committee's decisions or recommendations, except those which cannot be reported according to legal or regulatory restrictions.

- developing and reviewing the policies and practices on corporate governance of the Company and making recommendations to the Board.

- reviewing and monitoring the training and continuing professional development of the directors and senior management.

- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements.

- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors.

- reviewing the Company's compliance with the Corporate Governance Code as set out in the Stock Exchange Listing Rules and the disclosure in the Corporate Governance Report.

- establish a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the Committee about possible improprieties in any matter related to the Company.

The attendance records of the Audit Committee are set out in the section headed "Board Meetings" above. During the Reporting Period, the Audit Committee has performed the following major duties: (i) reviewed the interim results of the Company for the six months ended June 30, 2024; (ii) reviewed the annual results and annual report of the Company for the year ended December 31, 2024; and (iii) reviewed the effectiveness of the Company's financial controls, internal control and risk management systems, and internal control function. On March 31, 2025, the Audit Committee has reviewed the audited consolidated financial statements and results of the Group for the Reporting Period, discussed the re-appointment of the external auditors and made a recommendation to the Board.

The Auditor was invited to attend the Audit Committee meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. The Audit Committee also met with the Auditor in the absence of the executive Directors. The Audit Committee is satisfied with the independence and engagement of the Auditor. As such, the Audit Committee has recommended its re-appointment.

Directors' Responsibilities for Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements which should give a true and fair view of the state of affairs of the Company and of the results and cash flows for such reporting period.

In preparing the financial statements, the Board has adopted generally accepted accounting standards in Hong Kong and suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable, and prepared the financial statements on a going concern basis. The Board is responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Company's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

The Auditor is responsible for auditing and reporting its opinion on the financial statements of the Company. The independent auditor's report for the Reporting Period is set out in the section headed "Independent Auditor's Report" of this annual report.

Auditor's Remuneration

For the year ended December 31, 2024, the remuneration for the audit services and non-audit services paid to the Auditor amounted to RMB3,100,000 and RMB500,000, respectively. Non-audit services include review of interim report.

The Company did not change its auditor in the preceding three years.

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with paragraph B.3 of part II of the Corporate Governance Code.

The Nomination Committee consists of three Directors, namely Ms. Guo Wei, Mr. Zhang Changhao and Mr. Wang Bin who serves as the chairman of the Nomination Committee, whereas Mr. Wang Bin is an executive Director and both Ms. Guo Wei and Mr. Zhang Changhao are independent non-executive Directors. The duties and responsibility of the Nomination Committee include but not limited to the following:

- reviewing the structure, size and composition (including skills, knowledge and experience) of the Board at least once a year, and making recommendations on any changes to the Board to complement the Company's corporate strategies.

- studying and advising on the standards, procedures and methods for the election of directors and senior management.

- identifying individuals suitably qualified to become directors and senior management.

- selecting or making recommendations to the Board on the selection of individuals nominated for directorships and senior management. Where the Board proposes to put forward a resolution to elect an individual as an independent non-executive director at the general meeting, it shall set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting with the following details: (1) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent; (2) if the proposed independent non-executive director will be holding his or her seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board; (3) the views, perspectives, skills and experience that the individual can bring to the Board; and (4) how the individual contributes to the diversity of the Board.

- assessing the independence of the independent non-executive directors.

- making recommendations to the Board on the appointment or re-appointment of directors and senior management, as well as the succession plan for directors and senior management (especially the chairman of the Board and the chief executive).

- reporting its decisions or opinions to the Board, unless otherwise restricted by laws or regulations.

The attendance records of the Nomination Committee are set out in the section headed "Board Meetings" above. During the Reporting Period, the Nomination Committee has reviewed the structure, size and composition of the Board, assessed the independence of the independent non-executive Directors, reviewed the implementation and effectiveness of the Board Diversity Policy, made recommendations to the Board for re-election of Directors at the annual general meeting, and reviewed the disclosure of the Company.

Board Diversity Policy

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, the Company has adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of the Board. Pursuant to the board diversity policy, the Company seeks to achieve Board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

The Directors have a balanced mix of knowledge and skills, including overall management and strategic development, quality assurance and control, finance and accounting and corporate governance in addition to industry experience relevant to the Group's operations and business. They obtained degrees in various majors including engineering, economics, and business administration. The Company has three independent non-executive Directors with different industry backgrounds, representing one third of the members of the Board. Furthermore, the Board has a diverse age and gender representation. Taking into account the Company's existing business model and specific needs as well as the different background of the Directors, the composition of the Board satisfies the board diversity policy.

The Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After the Listing, the Nomination monitors and evaluates the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness, and when necessary, makes any revisions that may be required and recommend any such revisions to the Board for consideration and approval. The Nomination Committee will also include in annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

In terms of gender diversity, the Board currently has three female members, and the Board is of the view that it has achieved gender diversity. The Board strives to maintain or enhance gender diversity in the foreseeable future. Specifically, the Board will always include at least two female Directors in its composition. To achieve this objective, the Board has been developing a pipeline of potential successors by providing more training and opportunity to female members of the senior management.

The Company is committed to promoting gender diversity not only within the Board but among its workforce generally. As at December 31, 2024, the gender ratio in the Company's workforce (including senior management) is as follows:

Male	74%
Female	26%
Total	**100.0%**

To continue to achieve gender diversity in the workforce, we are committed to creating favourable conditions in our working environment to continue to attract both men and women to join the Company, thereby maintaining and further enhancing the gender diversity of the Company. During the process, we may face the issue of whether the supply of personnel of a particular gender in the human resources market matches the required qualifications, experience and skills required for positions within the Company. Despite these challenges, we will endeavour to maintain gender balance in the workforce.

Nomination Procedures

The Nomination Committee shall formulate a proposal after studying the nomination criteria, selection procedure and term of office of a director or senior management pursuant to the actual situation of the Company, the relevant laws and regulations, and the Articles of Association of the Company. Such proposal shall be made and submitted to the Board of Directors for approval on implementation.

The Shareholder who nominates a Director shall provide information of the nominee that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules. The Board of Directors of the Company shall publish the aforesaid relevant information of the Directors prior to the general meeting for the election of Directors. A cumulative voting system may be adopted for the election of Directors at the general meeting pursuant to the provisions of the Articles of Association or a resolution of the general meeting. The cumulative voting system refers to the voting for the election of Directors where each share is entitled to the voting rights equivalent to the number of directors to be elected at the general meeting, and Shareholders may consolidate their votes when casting a vote. The Board of Directors shall provide the resumes and general information of the candidates to the Shareholders.

Mechanisms for the Board to Obtain Independent Views and Opinions

At board meetings, Directors are free to express their opinions, and important decisions can only be made after detailed discussions. Pursuant to the Articles of Association, with the consent of all independent non-executive Directors, the independent non-executive Directors may engage external auditing and consultancy firms with respect to the auditing and consulting of specific matters of the Company. The costs so incurred shall be borne by the Company. If a Director is interested in a matter proposed by the Board, the relevant Director must withdraw from the discussion of the relevant proposal and abstain from voting, and such Director will not be counted in the quorum for voting on the proposal. In addition, independent non-executive Directors should also express objective and impartial independent opinions on matters discussed by the Company. The independent non-executive Directors do not hold other positions in the Company, do not have relationship with the Company or the Company's substantial shareholders which may affect their independent and objective judgment, and do not have any business or financial interests in the Company and its subsidiaries. Therefore, the participation of independent non-executive Directors also ensures a strong and sufficient independent element on the Board.

The Board is of the view that during the Reporting Period, the Board has implemented effective mechanism to ensure independent views and input are available to the Board. The Board will review the implementation and effectiveness of the aforementioned mechanism annually.

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with paragraph E.1 of part II of the Corporate Governance Code.

The Remuneration Committee consists of three Directors, namely Mr. Yu Lizhi, Ms. Guo Wei and Mr. Zhang Changhao who serves as the chairman of the Remuneration Committee, whereas Mr. Yu Lizhi is an executive Director and both Ms. Guo Wei and Mr. Zhang Changhao are independent non-executive Directors. The duties and responsibility of the Remuneration Committee includes but not limited to the following:

- making recommendations to the Board on the Company's overall remuneration policy and structure for all directors' and senior management's remuneration, and the establishment of a formal and transparent procedure for developing remuneration policy.

- studying appraisal criteria, performance evaluation procedures, remuneration and rewards and punishment policies for directors and senior management, and submitting them to the Board for approval.

- reviewing the performance of duties by directors and senior management of the Company, and conducting performance appraisal and evaluation over them.

- reviewing and approving proposals on management's remuneration in accordance with the Company's corporate goals and objectives approved by the Board.

- recommending to the Board on the remuneration packages formulated (including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) for the Company's individual executive directors, non-executive directors and senior management. In formulating the remuneration packages for directors and senior management, factors to be considered by the Committee include the Company's goals and objectives, remuneration paid by comparable companies, time commitment and responsibilities of the directors and senior management, and employment conditions elsewhere within the Company and its subsidiaries.

- reviewing and approving the compensation payable to executive directors and senior management for any loss or termination of the office or appointment to ensure that it is consistent with relevant contractual terms; in case of any inconsistency, such compensation shall be fair, reasonable and not excessive.

- reviewing and approving the compensation arrangements with regard to the dismissal or removal of directors due to their misconduct to ensure that they are consistent with relevant contractual terms; in case of any inconsistency, such compensation shall be reasonable and appropriate.

- ensuring any directors or any of their associates not to determine by themselves, or be involved in determining, their remuneration.

- supervising the implementation of the Company's remuneration system.

- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Stock Exchange Listing Rules, including any grants of options or awards to directors or senior management, and making disclosure and giving explanation on the appropriateness to such material matters (if any) being approved in the corporate governance report.

- reporting to the Board on its decisions or recommendations, unless as restricted by the laws or regulations.

The attendance records of the Remuneration Committee are set out in the section headed "Board Meetings" above. During the Reporting Period, the Remuneration Committee has reviewed and made recommendations to the Board on the remuneration policies of all Directors and senior management, assessed the performance of the executive Directors and approved the terms under the executive Directors' service contracts.

Pursuant to Code Provision E.1.5 of the Corporate Governance Code, the annual remuneration (including share-based compensation) of the members of senior management, including those members of senior management who are also executive Directors, by band for the Reporting Period is set out below:

Annual Remuneration	Number of Individuals
Nil to HK$1,000,000	0
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	1
HK$7,000,001 to HK$7,500,000	2
HK$19,500,001 to HK$20,000,000	1

Further details of the remuneration of Directors for the Reporting Period are set out in Note 10 to the Consolidated Financial Statements in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company is dedicated to the establishment and maintenance of a robust risk management and internal control system. The Directors acknowledge their responsibility for the Company's risk management and internal control systems and review their effectiveness for the reporting period. We have adopted and continually improve our internal control mechanisms to ensure the compliance of our business operations. Such mechanisms 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. Furthermore, we conduct annual review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency.

We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange's requirements on corporate governance and environmental, social and governance matters. Our Board will be collectively responsible for the establishment and operations of mechanisms in relation to corporate governance and environmental, social and governance. Our Directors are involved in the formulation of such mechanisms and the related policies.

We have adopted and implemented risk management policies in various aspects of our business operations to address various potential risks in relation to financial reporting, operations, compliance, information security and data privacy, intellectual property, and investment.

Business operational risk management

Business operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risk.

We take a comprehensive approach with regard to operational risk management and implement a mechanism with detailed and decentralized responsibilities, clear rewards and punishment systems. Our business operations, finance, information technology, and human resources departments are collectively responsible in ensuring that the compliance of our business operations conform with internal procedures. On the occurrence of a major adverse event, the matter will be escalated to our senior management and the Board of Directors may need to take appropriate measures. Through effective business operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Intellectual property risk management

We regard our proprietary domain names, copyrights, trademarks, trade secrets, and other intellectual property, critical to our business operations and fundamental to our success and competitiveness, and we devote significant time and resources to the development and protection. We rely on a combination of patents, copyrights, trademarks, trade secret laws, and restrictions on disclosure to protect our intellectual property. As at December 31, 2024, we had 177 registered patents, 338 registered trademarks, 144 registered software copyrights and 16 domain names. As of the same date, we have registered patents for all our core technologies.

We implement a set of comprehensive measures to protect our intellectual property, in addition to making trademark and patent registration applications. Our employees are generally required to enter into a standard employment contract that includes a confidentiality clause and a clause acknowledging that all inventions, trade secrets and developments generated by them during their employment with us are our properties, and assigning to us any ownership rights that they may claim in those works. We will actively monitor and pursue claims against any unauthorized use of our intellectual property. In addition, we have implemented screening procedures during the recruitment process, which helps us prevent potential dispute arising from hiring former employees of competitors.

In the future, we may need to seek or renew licenses related to certain aspects of our products and services. We have established an in-house legal team and an IP team, supplemented by professional external IP counsel, to assist in the registration, application and review process of patents and trademarks.

Anti-corruption risk management

Anti-corruption risk refers to the risk of use of cheating, bribery or other illegal measures for (i) the pursuit of improper personal benefits at the expense of our Group's economic interests and (ii) the pursuit of improper interests of the Group. We have established our anti-corruption risk management policies prohibiting any corruption activities by the employees, either for the pursuit of improper personal benefits or improper interests of the Company. Our internal control department is directly responsible for the anti-corruption risk management with an anti-corruption committee established under it, comprising of designated personnel from our human resources, internal control and legal departments. We have maintained a whistle-blower mechanism encouraging the internal report of suspicious activities. We have zero-tolerance of corruption and do not accept employment or promotion of persons responsible for corruption incidents. We conduct routine internal training and require all suppliers to execute anti-corruption commitments before engagement.

Ongoing review

To monitor the ongoing implementation of our risk management policies, the Audit Committee reviews and supervises our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations.

Our internal audit department is responsible for reviewing the effectiveness of internal controls and reporting issues identified and improving our internal control system and procedures by identifying internal control failures and weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the Audit Committee and Board of Directors on a timely basis.

In respect of the Reporting Period, the Board through the Audit Committee conducted a review of the risk management and internal control systems of the Company, and concluded that they were effective and adequate.

SECURITIES DEALING AND HANDLING OF INSIDE INFORMATION

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") on terms no less exacting than the required standard as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors' and supervisors' securities transactions. Having made specific enquiries to all of the Directors and Supervisors, all Directors and Supervisors confirmed that they have fully complied with all relevant requirements set out in the Model Code during the Reporting Period.

To supplement the Model Code, the Company has also implemented a policy in relation to the handling and dissemination of inside information. Access to inside information is at all times confined to relevant personnel (i.e. Directors, senior management and relevant employees) on a need-to-know basis, until the inside information is properly disclosed in accordance with applicable laws and regulations. Directors, Supervisors, senior management and relevant employees in possession of inside information or potential inside information are required to take reasonable steps to preserve confidentiality and to ensure that its recipients recognize their obligations to maintain confidentiality.

JOINT COMPANY SECRETARIES

The Joint Company Secretaries are responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed. The current Joint Company Secretaries are Ms. Cui Yan and Ms. Lai Ho Yan. The biographical details of Ms. Cui Yan are set out in the section headed "Directors, Supervisors and Senior Management – Biographical Details of Senior Management" of this annual report. Ms. Cui Yan is the primary corporate contact person of the Company with Ms. Lai Ho Yan.

Ms. Lai Ho Yan was appointed as the other joint company secretary of our Company in August 2024. She is currently a senior manager of the company secretarial services of Tricor Services Limited, a member of Vistra Group and an integrated provider offering business, corporate and investor services. Ms. Lai has over 7 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Lai holds a Bachelor of Business Administration in Financial Services and a Master of Corporate Governance from The Hong Kong Polytechnic University in September 2016 and September 2020, respectively. She also holds a Bachelor of Laws from Manchester Metropolitan University in July 2024. Ms. Lai is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute (CGI) in the United Kingdom.

During the Reporting Period, each of the Joint Company Secretaries has attended a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investors relation as well as the functions and duties of the company secretary of a Hong Kong listed issuer as required under Rule 3.29 of the Listing Rules.

RELATIONSHIP WITH SHAREHOLDERS

Communication with Shareholders

The Board believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables the Shareholders and investors to make the best investment decision.

The Company communicates with the Shareholders and the investment community mainly through the Company's financial reports (including the interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website. The Company also convenes conference calls after the publication of its annual, interim and quarterly results to discuss questions of common concerns with investors and Shareholders.

Shareholders' meetings

The general meetings of the Company serve as an opportunity for the Directors and senior management to communicate with the Shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. Notice in writing is given by the Company to the Shareholders at least 20 days prior to the annual general meeting or at least 15 days prior to the extraordinary general meeting.

Board members, in particular, the chairperson of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer Shareholders' questions.

The process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served.

Corporate communication

Corporate communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding about the content of the communication. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means). Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

Company's website

The Company maintains a website at www.uboxol.com as a communication platform with the Shareholders and investors. Information on the Company's website is updated on a regular basis. Information released by the Company to the website of the Stock Exchange is also posted on the Company's website for corporate communications immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents etc.

Shareholders' enquiries

Shareholders and investors may send written enquiries or requests to the Company, for the attention of the Board of Directors. The contact details are as follows:

Address: 4th Floor, Tower A, Tagen Knowledge & Innovation Center, West Second Shenyun Road, Nanshan District, Shenzhen, PRC

Email: Project.Baby@ubox.cn

Shareholders may direct their questions about their shareholdings to the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The Company ensures that the H Share Registrar maintains the most up-to-date information relating to the Shares at all times so that it can respond effectively to the Shareholders' enquiries.

Policies relating to shareholders

Shareholders' Communication Policy

The Company has established a shareholders' communication policy with the objective of ensuring that the Shareholders and the investment community at large are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to enhance the communication among Shareholders, the investment community and the Company. Pursuant to the shareholders' communication policy, the Company establishes different communication channels with shareholders and stakeholders including: (i) provision of printed or electronic copies of corporate communications; (ii) provision of timely corporate information on the company website; (iii) holding of annual general meetings to provide a platform for shareholders to raise comments and exchange views with the board; and (iv) arrangement in servicing the shareholders in respect of all share registration matters.

The Board reviews the shareholders' communication policy on a regular basis to ensure its effectiveness, particularly with regards to the requirements of Part 2 in the Corporate Governance Code. The Board has reviewed the implementation and effectiveness of the shareholders' communication policy during its meetings, and are of the view that the shareholders' communication policy has been effectively implemented and that the dissemination of information to the Shareholders' were effective based on the measures adopted above.

Dividend Policy

Pursuant to Code Provision F.1.1 of the Corporate Governance Code, the Company has adopted a dividend policy (the "Dividend Policy") in relation to the declaration, payment or distribution of the Company's net profits as dividends to the Shareholders.

The Company currently does not have any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of the profits and reserves lawfully available for distribution. According to relevant PRC laws, any future net profit that the Company makes will have to be first applied to make up for the historically accumulated losses, after which the Company will be obliged to allocate 10% of the net profit to the statutory common reserve fund until such fund has reached more than 50% of the registered capital. The Company will, therefore, only be able to declare dividends after: (i) all the historically accumulated losses have been made up for; and (ii) the Company has allocated sufficient net profit to the statutory common reserve fund as described above.

Shareholders' rights

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at the general meetings on each substantial issue, including the election of individual Directors, for the Shareholders' consideration and voting. All resolutions put forward at the general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company (www.uboxol.com) and the Stock Exchange (www.hkexnews.hk) after each general meeting.

Pursuant to the Articles of the Company, Shareholders individually or in aggregate holding more than 10% of Shares of the Company are entitled to request the Board of Directors in writing to convene an extraordinary general meeting. Where the Board of Directors disagrees to convene the extraordinary general meeting, or does not reply within 10 days upon receipt of the proposal, Shareholders individually or in aggregate holding more than 10% of the Shares of the Company shall have the right to propose to the supervisory committee in writing to convene an extraordinary general meeting. If the supervisory committee fails to issue a notice of general meeting within the prescribed deadline, it shall be deemed that the supervisors committee does not convene and preside over the general meeting, and Shareholders holding individually or in aggregate more than 10% of the Shares of the Company for more than 90 consecutive days can convene and preside over the general meeting by themselves. The Company shall bear costs and reasonable expenses incurred in the general meeting convened by the supervisory committee or the Shareholders themselves.

In accordance with Article 60 of the Articles of Association, Shareholders individually or jointly holding more than 3% of the Company's voting shares may submit an interim proposal to the convener in writing 10 days before the general meeting is convened. The convener shall serve a supplementary notice of general meeting within two days after receipt of the proposal with the contents of the interim proposal attached.

Articles of association

The Articles of Association is available on the website of the Company (www.uboxol.com) and the Stock Exchange (www.hkexnews.hk). During the Reporting Period, no amendments were made to the Articles of Association.

The Company proposed to amend the Articles of Association at the forthcoming AGM. The proposed amendments are subject to the passing of a special resolution by the Shareholders.

To the Shareholders of Beijing UBOX Online Technology Corp.
(incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The consolidated financial statements of Beijing UBOX Online Technology Corp. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 134 to 236, comprise:

- the consolidated statement of financial position as at December 31, 2024;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to revenue recognition of unmanned retail business.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of unmanned retail business Refer to note 6 to the consolidated financial statements. The Group's revenue is primarily from provision of unmanned retail business which amounted to approximately RMB1,965,459,000 for the year ended December 31, 2024, representing approximately 67.3% of the Group's total revenue for the year. The Group operates a network of vending machines which located the points of sale for selling fast-moving consumer goods such as food and beverage. Revenue from unmanned retail business arises from the end customers buying the fast-moving consumer goods through the vending machines operated by the Group. Revenue is recognized when the control of the goods has been transferred by the vending machines to the customers. We focused on this area as significant efforts were spent on auditing the revenue recognition from unmanned retail business due to the magnitude of revenue amount and the huge volume of revenue transactions recorded in the operating systems and then interfaced with the financial system.	We have performed the following procedures to address this key audit matter: (i) Understood, evaluated and tested management's internal controls over revenue recognition of unmanned retail business, including the general controls environment and automated controls of the information technology systems used in the transaction processes, as well as the interface between the operating and financial systems. (ii) Evaluated the appropriateness of the revenue recognition policies on unmanned retail business as adopted by the Group. (iii) Tested, on a sample basis, transactions by checking the cash receipt, reviewing the underlying contracts, identifying key terms and attributes from the contracts and checking against the underlying data from the system used in the transaction processes. (iv) Reconciled unmanned retail revenue transaction data from operating systems to general ledgers to test the completeness of revenue. (v) Performed risk based analytical procedures over revenue from unmanned retail business, at a disaggregated level, to evaluate the overall trend of revenue fluctuations. Based on the procedures performed, we considered that the revenue from unmanned retail business was supported by the evidence obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of 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 DIRECTORS AND THE AUDIT COMMITTEE 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible 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. We report our opinion 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 judgment 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Cecilia, Lai Ting Yau.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 31, 2025

		Year ended December 31,	
		2024	2023
	Note	RMB'000	RMB'000
Revenue	6	**2,918,867**	2,672,020
Cost of sales	7	**(1,877,600)**	(1,583,351)
Gross profit		**1,041,267**	1,088,669
Selling and marketing expenses	7	**(1,022,191)**	(1,125,705)
General and administrative expenses	7	**(123,754)**	(213,304)
Research and development expenses	7	**(24,980)**	(29,017)
Net impairment losses on financial assets	3.1(b), 22	**(11,524)**	(5,259)
Other income	8	**3,693**	5,398
Other losses, net	9	**(39,344)**	(20,239)
Operating loss		**(176,833)**	(299,457)
Finance costs, net	11	**(2,325)**	(8,601)
Share of results of investments accounted for using the equity method	18	**(3,329)**	(5,940)
Impairment of investments accounted for using the equity method	18	**(9,351)**	–
Loss before income tax		**(191,838)**	(313,998)
Income tax expense	12	**(18,900)**	(5,475)
Loss for the year		**(210,738)**	(319,473)
Loss for the year attributable to:			
– Owners of the Company		**(197,276)**	(327,295)
– Non-controlling interests		**(13,462)**	7,822
Total comprehensive loss for the year		**(210,738)**	(319,473)
Total comprehensive loss for the year attributable to:			
– Owners of the Company		**(197,276)**	(327,295)
– Non-controlling interests		**(13,462)**	7,822
		(210,738)	(319,473)
Loss per share for loss attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted	13	**(0.25)**	(0.43)

The above consolidated statement of comprehensive loss should be read in conjunction with the accompanying notes.

		As at December 31,	
		2024	2023
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property and equipment	*15*	**248,942**	132,430
Right-of-use assets	*16*	**19,371**	203,626
Intangible assets	*17*	**67,406**	104,809
Investments accounted for using the equity method	*18*	**44,082**	56,762
Financial assets at fair value through profit or loss	*20*	**14,200**	35,300
Prepayments, deposits and other receivables	*22*	**148,800**	167,298
Deferred income tax assets	*27*	**20,169**	40,103
Total non-current assets		**562,970**	740,328
Current assets			
Inventories	*21*	**167,328**	174,903
Trade receivables	*22*	**52,815**	34,927
Prepayments, deposits and other receivables	*22*	**157,107**	214,848
Restricted cash	*23*	**13,574**	89
Cash and cash equivalents	*23*	**333,411**	347,563
Total current assets		**724,235**	772,330
Total assets		**1,287,205**	1,512,658
EQUITY			
Share capital	*24*	**779,835**	779,835
Reserves	*25*	**2,082,519**	2,038,365
Accumulated losses		**(2,067,264)**	(1,869,988)
Equity attributable to owners of the Company		**795,090**	948,212
Non-controlling interests		**10,814**	23,723
Total equity		**805,904**	971,935

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	*16*	**10,071**	11,193
Deferred income tax liabilities	*27*	**–**	2,450
Borrowings	*30*	**4,602**	–
Total non-current liabilities		**14,673**	13,643
Current liabilities			
Lease liabilities	*16*	**12,267**	17,340
Trade payables	*28*	**147,969**	185,444
Other payables and accruals	*29*	**176,518**	199,351
Contract liabilities	*6*	**25,313**	41,405
Current income tax liabilities		**1,981**	4,490
Borrowings	*30*	**102,580**	79,050
Total current liabilities		**466,628**	527,080
Total liabilities		**481,301**	540,723
Total equity and liabilities		**1,287,205**	1,512,658

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 134 to 236 were approved by the Board of Directors on March 31, 2025 and were signed on its behalf.

Wang Bin	**Cui Yan**
Director	*Director*

	Note	Attributable to owners of the Company				Non-controlling interests	Total equity
		Share capital	Reserves	Accumulated losses	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024		**779,835**	**2,038,365**	**(1,869,988)**	**948,212**	**23,723**	**971,935**
Loss for the year		**–**	**–**	**(197,276)**	**(197,276)**	**(13,462)**	**(210,738)**
Total comprehensive loss for the year		**–**	**–**	**(197,276)**	**(197,276)**	**(13,462)**	**(210,738)**
Transactions with owners of the Company							
Share-based compensation expenses		**–**	**44,154**	**–**	**44,154**	**–**	**44,154**
Disposal of subsidiaries	*37(c)*	**–**	**–**	**–**	**–**	**553**	**553**
Total transactions with owners of the Company		**–**	**44,154**	**–**	**44,154**	**553**	**44,707**
As at December 31, 2024		**779,835**	**2,082,519**	**(2,067,264)**	**795,090**	**10,814**	**805,904**
As at January 1, 2023		757,259	1,765,917	(1,542,693)	980,483	21,453	1,001,936
(Loss)/profit for the year		–	–	(327,295)	(327,295)	7,822	(319,473)
Total comprehensive (loss)/income for the year		–	–	(327,295)	(327,295)	7,822	(319,473)
Transactions with owners of the Company							
Share-based compensation expenses		–	84,026	–	84,026	–	84,026
Issuance of ordinary shares	*24*	22,576	188,422	–	210,998	–	210,998
Disposal of a subsidiary	*37(c)*	–	–	–	–	(5,552)	(5,552)
Total transactions with owners of the Company		22,576	272,448	–	295,024	(5,552)	289,472
As at December 31, 2023		779,835	2,038,365	(1,869,988)	948,212	23,723	971,935

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	*31(a)*	**(23,304)**	111,522
Interest received		**4,098**	2,688
Income taxes paid		**(3,925)**	(7,592)
Net cash (used in)/generated from operating activities		**(23,131)**	106,618
Cash flows from investing activities			
Proceeds from disposal of subsidiaries		**–**	1,020
Proceeds from disposal of property and equipment	*31(b)*	**1,118**	25,505
Payments for purchase of financial assets at fair value through profit or loss	*20*	**–**	(40,000)
Proceeds from disposal of financial assets at fair value through profit or loss	*20*	**–**	40,000
Payments for purchase of property and equipment		**(1,357)**	(49,011)
Payments for purchase of intangible assets		**(90)**	(17,285)
Advances to business partners		**(2,038)**	(16,146)
Repayment of advances to business partners		**20,000**	2,000
Interest received from wealth management products	*20*	**–**	152
Net cash generated from/(used in) investing activities		**17,633**	(53,765)
Cash flows from financing activities			
Proceeds from issuance of new shares, net of issuance costs		**–**	210,998
Proceeds from bank borrowings		**124,592**	79,050
Repayments of bank borrowings		**(96,460)**	(70,000)
Repayments of other borrowings		**(12,000)**	–
Principal elements and interest element of lease payments	*16*	**(22,477)**	(43,334)
Listing expenses payments		**(551)**	(2,170)
Interest paid	*11*	**(4,958)**	(5,458)
Net cash (used in)/generated from financing activities		**(11,854)**	169,086
Net (decrease)/increase in cash and cash equivalents		**(17,352)**	221,939
Cash and cash equivalents at beginning of the year		**347,563**	128,178
Effects of exchange rate changes on cash and cash equivalents		**3,200**	(2,554)
Cash and cash equivalents at the end of the year		**333,411**	347,563

1 GENERAL INFORMATION

Beijing UBOX Online Technology Corp. (北京友寶在線科技股份有限公司) (the "Company"), formerly known as Beijing UBOX Technology & Trade Company Limited (北京友博科斯科貿有限公司), was incorporated in the People's Republic of China (the "PRC") as a wholly foreign-owned limited liability company on March 1, 2012 and converted into a joint stock company with limited liability on September 10, 2015. The address of the Company's registered office is Room 128, Yunkai Real Estate Office Building, No. 8 Kangbao Road, Economic Development Zone, Miyun District, Beijing, the PRC. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since November 3, 2023 (the "Listing Date").

The Company and its subsidiaries (collectively the "Group") are primarily engaged in the unmanned retail business, merchandise wholesale, advertising and system support services and others.

The financial statements for the year ended December 31, 2024 are presented in Renminbi ("RMB"), unless otherwise stated, and have been approved for issue by the Board of Directors on March 31, 2025.

2 BASIS OF PREPARATION

2.1 Compliance with HKFRS and the disclosure requirements of HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") as issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

2.2 Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss ("FVPL"), which are carried at fair value.

2 BASIS OF PREPARATION – *continued*

2.3 New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing January 1, 2024:

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

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2.4 New and amended standards and interpretations not yet adopted

Certain amendments to accounting standards and interpretation have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

	Effective for annual periods beginning on or after
Amendments to HKAS 21 – Lack of Exchangeability	January 1, 2025
Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	January 1, 2026
HKFRS 18, Presentation and Disclosure in Financial Statements, and HK Interpretation 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2027
HKFRS 19, Subsidiaries without Public Accountability: Disclosures	January 1, 2027

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

The Group's businesses are principally conducted in RMB, which is the functional currency of the Company and the primary subsidiaries of the Company, and is exposed to foreign currency risk with respect to transactions denominated in currencies other than RMB. The majority of its non-RMB assets are bank deposits denominated in Hong Kong Dollar ("HKD"). The Group has not entered into any derivative instruments to hedge its foreign exchange exposures during the years ended December 31, 2024 and 2023.

The following table shows the Group's foreign currency denominated monetary assets (in RMB equivalent).

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Assets		
HKD	**89,215**	205,381

As at December 31, 2024, if Hong Kong dollars ("HKD") had strengthened/weakened by 5% against RMB with all other variables held constant, the loss for the year ended December 31, 2024 would have been approximately RMB3,346,000 lower/higher (2023: RMB7,702,000).

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(a) Market risk – *continued*

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents and restricted cash, details of which have been disclosed in Note 23.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings, details of which have been disclosed in Note 30. Borrowings carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. As of December 31, 2024 and 2023, the Group's borrowings were all carried at fixed rates which does not expose the Group to cash flow interest rate risk.

(b) Credit risk

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents, restricted cash, trade receivables, deposits and other receivables.

(i) Risk management

For cash and cash equivalents and restricted cash, management manages the credit risk by placing deposits in state-owned financial institutions in the PRC or reputable banks and financial institutions having high-credit-quality in the PRC.

For trade receivables and deposits and other receivables, the Group has policies in place to ensure that sales of good service are made to customers with an appropriate credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The carrying amounts of cash and cash equivalents, restricted cash, trade receivables and deposits and other receivables represent the Group's maximum exposure to credit risk in relation to the assets.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk – *continued*

(ii) Impairment of financial assets

The Group has the following assets that are subject to the expected credit loss model:

- Cash and cash equivalents and restricted cash;
- Trade receivables;
- Deposits and other receivables.

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial as at December 31, 2024 and 2023.

The directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis throughout each reporting period. A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial and economic conditions that are expected to cause a significant change to the third party debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the customers;
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk – *continued*

(ii) Impairment of financial assets – continued

Trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables.

To measure the expected credit losses, trade receivables have been assessed on individual basis or grouped based on shared credit risk characteristics and the days past due.

The historical loss rates are determined by reference to the credit rating analysis of respective customers and external data or based on the payment profiles of sales over a period before the respective period ends and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified a ratio of total investment and gross domestic product ("GDP"), a ratio of gross national savings and GDP and the annual consumer price index growth of the countries in which it sells goods or provides services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31, 2024 and 2023 were determined as follows for trade receivables:

As at December 31, 2024	0-3 months	3-6 months	6-12 months	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
On collective basis								
Expected loss rate	5.7%	5.7%	5.7%	34.8%	51.6%	91.7%	100.0%	15.6%
Gross carrying amount (RMB'000)	50,304	2,763	384	1,523	2,697	1,528	3,362	62,561
Loss allowance (RMB'000)	(2,882)	(158)	(22)	(530)	(1,391)	(1,401)	(3,362)	(9,746)
	47,422	2,605	362	993	1,306	127	–	52,815
On individual basis								
Expected loss rate	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross carrying amount (RMB'000)	27	–	–	392	404	–	130	953
Loss allowance (RMB'000)	(27)	–	–	(392)	(404)	–	(130)	(953)
	–	–	–	–	–	–	–	–

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk – *continued*

(ii) Impairment of financial assets – continued

Trade receivables – *continued*

As at December 31, 2023	0-3 months	3-6 months	6-12 months	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
On collective basis								
Expected loss rate	4.8%	4.8%	4.8%	28.1%	45.0%	83.8%	100.0%	16.9%
Gross carrying amount (RMB'000)	25,798	5,289	1,280	3,992	1,844	1,522	2,283	42,008
Loss allowance (RMB'000)	(1,252)	(256)	(62)	(1,123)	(830)	(1,275)	(2,283)	(7,081)
	24,546	5,033	1,218	2,869	1,014	247	–	34,927
On individual basis								
Expected loss rate	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross carrying amount (RMB'000)	162	–	–	–	–	2	129	293
Loss allowance (RMB'000)	(162)	–	–	–	–	(2)	(129)	(293)
	–	–	–	–	–	–	–	–

Considering there were no significant differences in the credit risk characteristics for trade receivables with aging of "0-3 months", "3-6 months" and "6-12 months", the Group uses same expected loss rate to measure the expected credit losses for these trade receivables as at December 31, 2024 and 2023.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk – *continued*

(ii) Impairment of financial assets – continued

Trade receivables – *continued*

The loss allowances for trade receivables as at December 31, 2024 and 2023 reconcile to the opening loss allowances as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**7,374**	22,750
Increase in loss allowance recognized in profit or loss	**3,753**	4,440
Receivables written off during the year as uncollectible	**(428)**	(19,816)
At the end of the year	**10,699**	7,374

Impairment losses on trade receivables are presented as net impairment losses within operating loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Deposits and other receivables

Deposits and other receivables primarily comprise advances to and receivables from business partners, deposits, advances to staffs, amounts due from points of sale ("POSs") partners and others. The Group formulates the credit losses of deposits and other receivables using expected credit loss ("ECL") models according to HKFRS 9 requirements.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk – *continued*

(ii) Impairment of financial assets – continued

Parameters of ECL model

The parameters and assumptions involved in ECL model are described below:

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk, 12-month or lifetime ECL are provided respectively. The ECL is the result of discounting the product of Exposure at Default ("EAD"), Probability of Default ("PD") and Loss Given Default ("LGD").

EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ("12M PD"), or over the remaining lifetime ("Lifetime PD") of the obligation. LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grading band.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk – *continued*

(ii) Impairment of financial assets – continued

Parameters of ECL model – *continued*

The Group uses three stages for deposits and other receivables which reflect their credit risk and how the credit loss provision is determined for each of those categories. A summary of the assumptions underpinning the company's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision
Stage 1 – performing	Deposits and other receivables whose credit risk is in line with original expectations.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage 2 – underperforming	Deposits and other receivables for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due or adverse changes in solvency and operational capabilities.	Lifetime expected losses.
Stage 3 – non-performing (credit impaired)	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy.	Lifetime expected losses.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk – *continued*

(ii) Impairment of financial assets – continued

Judgment of significant increase in credit risk (“SICR”)

Under HKFRS 9, when considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and also whether there is any significant increase in credit risk for each reporting period. The Group considers various reasonable supporting information to assess if there is significant increase in credit risk when determining the ECL staging for financial assets. Major factors being considered include overdue status, solvency and operational capabilities. The Group determines ECL staging by comparing the credit risks of the financial instruments at the reporting date with those at initial recognition, based on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics.

The Group sets quantitative and qualitative criteria to assess whether the credit risk has SICR after initial recognition. The judgment criteria mainly include the PD changes of the debtors, changes of credit risk categories and other indicators of SICR.

The definition of credit-impaired assets

Under HKFRS 9, in order to determine whether credit impairment occurs, the defined standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial assets, while considering quantitative and qualitative indicators. When the Group assesses whether the debtor has credit impairment, the following factors are mainly considered:

- The debt has overdue after the contract payment date.
- The lender gives the debtor concessions for economic or contractual reasons due to the debtor’s financial difficulties, where such concessions are normally reluctant to be made by the lender.
- The debtor has significant financial difficulties.
- The debtor is likely to go bankrupt or needs other financial restructuring.
- The credit impairment of financial assets may be caused by the joint effects of multiple events, and may not be caused by separately identifiable events.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk – *continued*

(ii) Impairment of financial assets – *continued*

Forward-looking information

The determination of 12-month and the lifetime EAD, PD and LGD also incorporates forward-looking information. The Group has performed historical data analysis and identified the key macro-economic variables associated with credit risk and ECL for each portfolio.

The Group established the values used for different scenarios. In addition to the base economic scenario, the Group also considers other possible scenarios and relative weightings. The Group regularly reassess the number of scenarios and their attributes. The Group combined statistical analysis results to determine the weights of different scenarios, and also considered the range of possible outcomes represented by each scenario, to determine the final macro-economic assumptions and weights for measuring the relevant ECL.

The Group comprehensively considers internal and external data, expert forecasts and statistical analysis to determine the relationship between economic indicators with PD and LGD. The Group evaluates and forecasts these economic indicators at least annually, provides the best estimates for the future, and regularly evaluates the results.

Similar to other economic forecasts, the estimates of economic indicators have high inherent uncertainties, actual results may have significant difference with estimates. The Group considered the estimates above represented the optimal estimation of possible outcomes.

Credit exposure

Without considering the impact of collateral and other credit enhancements, for on-balance sheet assets, the maximum exposures are based on net carrying amounts as reported in the consolidated financial statements.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk – *continued*

(ii) Impairment of financial assets – continued

Credit exposure – *continued*

As at December 31, 2024 and 2023, the loss allowance provision for deposits and other receivables was determined as follows:

	Average expected credit loss rate	Stage	As at December 31, 2024 Gross amount RMB'000	Impairment provision RMB'000	Carrying amount (net of impairment provision) RMB'000
Individual	0.90%	Stage 1	28,546	(258)	28,288
Individual – non-performing	100.00%	Stage 3	660	(660)	–
Corporate entities with credit rating	0.09%	Stage 1	9,349	(8)	9,341
Corporate entities without credit rating	1.45%	Stage 1	49,542	(718)	48,824
Corporate entities – non-performing	100.00%	Stage 3	61,230	(61,230)	–
			149,327	(62,874)	86,453

	Average expected credit loss rate	Stage	As at December 31, 2023 Gross amount RMB'000	Impairment provision RMB'000	Carrying amount (net of impairment provision) RMB'000
Individual	0.80%	Stage 1	23,833	(190)	23,643
Individual – non-performing	100.00%	Stage 3	663	(663)	–
Corporate entities with credit rating	0.06%	Stage 1	6,985	(4)	6,981
Corporate entities without credit rating	1.41%	Stage 1	83,204	(1,176)	82,028
Corporate entities – non-performing	100.00%	Stage 3	60,517	(60,517)	–
			175,202	(62,550)	112,652

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk – *continued*

(ii) Impairment of financial assets – continued

Credit exposure – *continued*

The loss allowance for deposits and other receivables reconciles to the opening loss allowance as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**62,550**	71,975
Increase in loss allowance recognized in profit or loss	**7,771**	819
Receivables written off during the year as uncollectible	**(7,447)**	(10,244)
At the end of the year	**62,874**	62,550

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(c) Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the senior management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyzes the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount Total RMB'000
As at December 31, 2024				
Trade payables	147,969	–	147,969	147,969
Other payables and accruals (excluding salaries, wages and bonuses payable and other taxes payable)	139,954	–	139,954	139,954
Lease liabilities	12,910	10,774	23,684	22,338
Bank borrowings	106,685	4,721	111,406	107,182
	407,518	15,495	423,013	417,443

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount Total RMB'000
As at December 31, 2023				
Trade payables	185,444	–	185,444	185,444
Other payables and accruals (excluding salaries, wages and bonuses payable and other taxes payable)	160,476	–	160,476	160,476
Lease liabilities	18,458	10,504	28,962	28,533
Bank borrowings	80,168	–	80,168	79,050
	444,546	10,504	455,050	453,503

3 FINANCIAL RISK MANAGEMENT – *continued*

3.2 Capital management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance equity holders' value in the long term.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debts divided by total equity. Net debts include borrowings and lease liabilities, less cash and cash equivalents and restricted cash. Total capital is calculated as "equity" as shown in the consolidated statements of financial position. As at December 31, 2024 and 2023, the Group has a net cash position.

3.3 Fair value measurements of financial instruments

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The tables below analyze the Group's financial instruments carried at fair value as at December 31, 2024 and 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

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

3 FINANCIAL RISK MANAGEMENT – *continued*

3.3 Fair value measurements of financial instruments – *continued*

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at December 31, 2024				
Financial assets at FVPL				
Investments in unlisted equity securities *(Note 20(b))*	–	–	14,200	14,200

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at December 31, 2023				
Financial assets at FVPL				
Investments in unlisted equity securities *(Note 20(b))*	–	–	35,300	35,300

3.3.1 Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- The latest round financing, i.e. the prior transaction price or the third-party pricing information; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

All of the resulting fair value estimates are included in level 3, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.3 Fair value measurements of financial instruments – *continued*

3.3.2 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items including investments in wealth management products, investments in unlisted equity securities for the years ended December 31, 2024 and 2023.

	Investments in wealth management products RMB'000	Investments in unlisted equity securities RMB'000
As at January 1, 2024	**–**	**35,300**
Unrealized changes in fair value	**–**	**(21,100)**
As at December 31, 2024	**–**	**14,200**
As at January 1, 2023	–	36,100
Acquisitions	40,000	–
Disposals	(40,000)	–
Interest received	(152)	–
Unrealized changes in fair value	–	(800)
Realized interest income	152	–
As at December 31, 2023	–	35,300

3 FINANCIAL RISK MANAGEMENT – *continued*

3.3 Fair value measurements of financial instruments – *continued*

3.3.3 Valuation process, inputs and relationships to fair value

A team in the finance department of the Group performs the valuations of financial instruments required for financial reporting purposes, including the Level 3 fair values. This team reports directly to the Chief Financial Officer ("CFO"). Discussions of valuation processes and results are held between the CFO and the valuation team at least once year. External valuation experts will be involved when necessary.

At each financial year end the finance department:

- verifies all major inputs to the valuation report;
- assesses valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Changes in Level 3 fair values are analyzed at each reporting date during the yearly valuation discussions between the CFO and the valuation team.

The valuation of the level 3 instruments mainly included investments in wealth management products (Note 20(a)) and investments in unlisted equity securities (Note 20(b)). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flow model and market approach etc.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.3 Fair value measurements of financial instruments – *continued*

3.3.3 Valuation process, inputs and relationships to fair value – *continued*

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

Description	Fair value As at December 31, 2024 RMB'000	Fair value As at December 31, 2023 RMB'000	Key inputs and relationship of inputs to fair value
Investments in unlisted equity securities included in financial assets at FVPL	**14,200**	35,300	Market approach Reference to a combination of unobservable inputs, including market multiples, discount rate for lack of marketability etc. The higher the market multiples, the higher the fair value. The lower the discount rate, the higher the fair value.

If the fair values of financial assets at FVPL held by the Group had been 10% higher/lower, the loss before income tax for the year ended December 31, 2024 would have been approximately RMB1,620,000 lower/higher (2023: RMB3,530,000).

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended December 31, 2024 and 2023.

The carrying amount of the Group's other financial assets, including cash and cash equivalents, restricted cash, trade receivables, deposits and other receivables, and the Group's financial liabilities, including trade payables, other payables and accruals and lease liabilities, approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Estimation of the fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions, see Note 3.3.

(b) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 38.6(a). In determining where goodwill is impaired requires an estimation of the recoverable amount of cash-generating units ("CGU") to which goodwill has been allocated. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in Note 17. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Details of impairment charge and key assumptions which are made by the management and third-party valuer are disclosed in Note 17.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – *continued*

(c) Impairment of other non-current assets

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Judgment is required to evaluate, among other factors, the duration and extent to which the recoverable amount of assets is less than their carrying balance, including factors such as the industry performance and changes in operational and financing cash flows. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. The recoverable amount of the CGU has been determined based on value-in-use calculations or fair value less cost to sell, whichever is higher. These calculations require the use of estimates, including operating results, income and expenses of the business, future economic conditions on growth rates and future returns. Significant changes in the key assumptions on which the recoverable amount of the assets is based could significantly affect the Group's financial position and results of operations.

(d) Measurement of the expected credit loss

The measurement of the expected credit losses for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit loss is further detailed in Note 3.1(b).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – *continued*

(e) Current and deferred income taxes

The Group is subject to income taxes in the PRC. Judgment is required in determining the provision for income taxes. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group considers whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing, by assuming taxation authority will examine those amounts and will have full knowledge of all relevant information. When the Group concludes that it is probable that a particular tax treatment is accepted, the Group determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the Group concludes that it is not probable that a particular tax treatment is accepted, the Group uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Group assesses its judgments and estimates if facts and circumstances change.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

5 SEGMENT INFORMATION

(a) Description of segments and principal activities

The Group's chief operating decision-maker ("CODM") has been identified as executive directors of the Company. The executive directors review the Group's internal report which is prepared based on a number of factors, including but not limited to customer base, homogeneity of products and technology, in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group has identified the following operating segments:

- Unmanned retail business — consists of sales of fast-moving consumer goods such as food and beverage to end customers through a network of vending machines located at the POSs developed by the Group or POSs partners.
- Merchandise wholesale — consist of merchandise wholesale to the customers.
- Advertising and system support services — consist of provision of (i) merchandise display advertising services, and (ii) revenue derived from fees charged to the Group's Non-Ubox POSs operators for using its operation system.
- Others — consist of provision of (i) mobile device distribution services, (ii) vending machine sales and leases and (iii) others.

The CODM assesses the performance of the operating segments based on the revenue and gross profit of each segment. The selling and marketing expenses, general and administrative expenses, research and development expenses and net impairment losses on financial assets are managed centrally at group level and therefore not included in the measure of the segments' performance. Other income, other losses, net, finance costs, net, share of results of investments accounted for using the equity method, impairment of investments accounted for using the equity method and income tax expense are also not allocated to individual operating segment. There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources or to evaluate the performance of the operating segments.

Substantially all of the businesses of the Group are carried out in the PRC. Accordingly, no geographic information is presented.

5 SEGMENT INFORMATION – *continued*

(b) Segment information

There were no material inter-segment sales during the years ended December 31, 2024 and 2023. The revenue for external customers reports to the CODM are measured in a manner consistent with that applied in the consolidated of comprehensive loss.

The segment information for the years ended December 31, 2024 and 2023 are as follows:

	Year ended December 31, 2024				
	Unmanned retail business RMB'000	Merchandise wholesale RMB'000	Advertising and system support services RMB'000	Others RMB'000	Total RMB'000
Revenue from external customer	1,965,459	552,819	134,340	266,249	2,918,867
Cost of sales	(1,082,537)	(541,923)	(1,993)	(251,147)	(1,877,600)
Gross profit	882,922	10,896	132,347	15,102	1,041,267

	Year ended December 31, 2023				
	Unmanned retail business RMB'000	Merchandise wholesale RMB'000	Advertising and system support services RMB'000	Others RMB'000	Total RMB'000
Revenue from external customer	2,034,322	287,214	115,556	234,928	2,672,020
Cost of sales	(1,102,761)	(276,165)	(2,165)	(202,260)	(1,583,351)
Gross profit	931,561	11,049	113,391	32,668	1,088,669

The segment of "vending machine sales and leases" was reclassified to present in segment of "others" for the year ended December 31, 2024, and accordingly the classification of segment has been adjusted retrospectively for the year ended December 31, 2023 to conform with current year presentation.

6 REVENUE

Revenue is stated net of value-added tax ("VAT") in the PRC and comprises the following:

	Year ended December 31, 2024 RMB'000	Year ended December 31, 2023 RMB'000
Unmanned retail business	**1,965,459**	2,034,322
– Direct operation model	**322,437**	204,866
– Partner model	**1,643,022**	1,829,456
Merchandise wholesale	**552,819**	287,214
Advertising and system support services	**134,340**	115,556
Others	**266,249**	234,928
	2,918,867	2,672,020

	Year ended December 31, 2024 RMB'000	Year ended December 31, 2023 RMB'000
Timing of revenue recognition		
At a point in time		
– Unmanned retail business	**1,965,459**	2,034,322
– Merchandise wholesale	**552,819**	287,214
– Advertising and system support services	**31,018**	22,022
– Others	**242,954**	204,220
Over time		
– Advertising and system support services	**103,322**	93,534
– Others	**13,038**	19,652
Lease income from vending machine leases	**10,257**	10,647
Lease income from others	**–**	409
	2,918,867	2,672,020

There was no individual customer contributing over 10% of the total revenue for the years ended December 31, 2024 and 2023.

6 REVENUE – *continued*

(a) Liabilities related to contracts with customers

The Group has recognized the following liabilities related to contracts with customers:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Contract liabilities	25,313	41,405

Contract liabilities of the Group mainly arise from the non-refundable advance payments made by customers while the underlying services or goods are yet to be provided or delivered.

The following table shows how much of the revenue is recognized during the years ended December 31, 2024 and 2023 relates to carried-forward contract liabilities.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year	21,755	5,854

All contracts are for periods of one year or less or are billed based on time incurred. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(b) Accounting policies of revenue recognition

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

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

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

6 REVENUE – *continued*

(b) Accounting policies of revenue recognition – *continued*

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone 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 judgments on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, the Group presents the contract in the 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 goods and 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 a good or 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 goods or services to a customer for which the Group has received consideration (or an amount of consideration is due from the customer).

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

6 REVENUE – *continued*

(b) Accounting policies of revenue recognition – *continued*

Revenue from unmanned retail business

The Group operates a network of vending machines which located the POSs for selling fast-moving consumer goods such as food and beverage. Revenue from unmanned retail business arises from the end customers buy the fast-moving consumer goods through the vending machines operated by the Group. Revenue is recognized when the control of the goods has been transferred by the vending machines to the customers. There was no right of return for the sales to the end customers. The consideration of the goods is usually due immediately paid by the end customers through online payment platforms before the goods delivery.

The Group sources POSs directly from site owners under the direct operation model and sources POSs through POSs partners under the partner model. Under the direct operation model, the Group is responsible for sourcing potential sites, the development cost of the POSs, the cost of the occupancy fee, utility cost and vending machines by itself. Under the partner model, the POSs partners are responsible for sourcing potential sites, the costs for developing POSs, occupancy fees, utility costs and sometimes providing vending machines, and are entitled to a share of the income generated from the vending machines.

Under the partner model, the Group evaluates agreements with the POSs partners in order to determine whether or not the Group acts as principal or as an agent in the arrangement, which it considers in determining if relevant revenue should be reported gross or net of the predetermined amount of the commission shared with POSs partners. The Group considers it controls the goods before they are transferred to the customer and acts as a principal because it: (i) is primarily responsible for fulfilling the promise to provide goods to customers, including provision of vending machines, procurement and cash collection through different payment channels, (ii) has general inventory risk, (iii) has latitude in establishing the merchandises' selling price, and (iv) has involvement in the determination of product or services specifications. Accordingly, the POS partners act as the agent of the Group rather than the principal in the transaction and the Group records the revenue on a gross basis. Revenue is recognized when control of the goods has been transferred to the customer, and the commission shared to POS partners is determined based on certain percentage of the revenue agreed between the Group and the POS partners and charged to "selling and marketing expenses".

Revenue from merchandise wholesale

Revenue is recognized when control of the goods has been transferred, being when goods are delivered to the customers.

Receivable is recognized when the merchandises are delivered, which is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

6 REVENUE – *continued*

(b) Accounting policies of revenue recognition – *continued*

Revenue from advertising and system support services

The Group offers advertising and system support services to merchandise suppliers, payment platform companies and the Group's Non-Ubox POSs operators etc. through the Group's digital platform and network of vending machines. Since these services are separate identifiable services and the Group has the ability to determine the pricing of the services and has taken responsibility for monitoring the quality of services provided and to negotiate the service terms, the Group is regarded as the primary obligor and recognizes revenue from advertising and system support services on a gross basis.

For merchandise display advertising services and operation system services, since the customer receives and consumes the benefits of the Group's performance as it performs, the performance obligation is satisfied over the contract period, and the revenue is recognized ratably over the contracted period in which the advertisements are displayed or services are provided.

Revenue from others

Mobile device distribution services

The Group acquires mobile devices from manufacturers and resells them to the mobile device retailers. The Group places the mobile devices to vending machines after the receipt of order and deposit from retailers. Retailers take the mobile devices from the vending machines with designated code provided by the Group. Taking into consideration that the Group enters into contracts with manufacturers in its own name, which gives the Group the legal title and control to the mobile devices provided by the manufacturers before passing them to retailers. Furthermore, the Group is responsible for fulfilling the promise to provide the mobile devices to the retailers, takes inventory risk before delivering to the retailers and has pricing latitude with the retailers. Therefore, the Group is the principal to the sales and recognizes revenue at a point in time when control of the mobile devices has been transferred to retailers, being when retailers get the mobile devices from the vending machines, and there is no unfulfilled obligation that could affect the mobile device retailers' acceptance of the mobile devices and the enforceable right to payment is established.

Sale of goods – vending machines sales

The Group sells vending machines to third party customers, which are mainly vending machines operators. Revenue is recognized when control over the vending machines has been transferred to the third-party customers, being when legally binding unconditional sales contracts were entered, the machines have been shipped to the designated location and the control of the machines have been transferred to the third-party customers.

Lease income from vending machines

Lease income from vending machines leasing under operating leases is recognized on a straight-line basis over the lease terms.

7 EXPENSES BY NATURE

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Cost of inventories sold	**1,840,861**	1,555,461
POSs operation and development expenses	**545,212**	571,565
Logistics and transportation expenses	**190,561**	176,580
Employee benefit expenses (excluding share-based compensation expenses) *(Note 10)*	**165,469**	169,331
Depreciation of property and equipment *(Note 15)*	**83,708**	144,786
Share-based compensation expenses *(Note 26)*	**44,154**	84,026
Depreciation of right-of-use assets *(Note 16)*	**17,975**	94,491
Repair and maintenance expenditures	**17,401**	2,270
Amortization of intangible assets *(Note 17)*	**16,718**	15,357
Short-term and low-value leases expenses *(Note 16)*	**15,031**	23,607
Office expenses	**14,848**	12,762
Bank and payment charges	**12,298**	14,797
Technical service fees	**10,538**	–
Taxes and surcharges	**9,361**	8,670
Inventories written-off	**7,730**	–
Traveling and entertainment expenses	**6,428**	6,649
Auditor's remuneration		
– Audit services	**3,100**	3,500
– Non-audit services	**500**	–
Listing expenses	**–**	32,253
Others	**46,632**	35,272
Total cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses	**3,048,525**	2,951,377

(a) During the year ended December 31, 2024, the Group incurred expenses for the purpose of research and development of approximately RMB24,980,000 (2023: RMB29,017,000), which included employee benefit expenses of RMB17,357,000 (2023: RMB18,588,000). During the years ended December 31, 2024 and 2023, no research and development expenses had been capitalized as intangible assets.

8 OTHER INCOME

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Government grants	**3,222**	1,515
Interest income arising from other receivables and bank deposits	**337**	2,974
Interest income from wealth management products *(Note 20)*	**–**	152
Additional deduction of input value-added tax	**68**	669
Others	**66**	88
	3,693	5,398

9 OTHER LOSSES, NET

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Fair value changes on financial assets at FVPL *(Note 20)*	**(21,100)**	(800)
Impairment loss of goodwill	**(20,775)**	–
Net losses on disposal of subsidiaries *(Note 37(c))*	**(703)**	(4,874)
Net losses on disposal of property and equipment	**(650)**	(13,385)
Net foreign exchange gains/(losses)	**3,200**	(2,336)
Others	**684**	1,156
	(39,344)	(20,239)

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Salaries, wages and bonuses	**133,787**	132,116
Pension costs – defined contribution plans *(a)*	**14,588**	15,352
Other social security costs, housing benefits and other employee benefits *(a)*	**17,094**	21,863
Share-based compensation expenses *(Note 26)*	**44,154**	84,026
	209,623	253,357

(a) Pension costs – defined contribution plans

Employees of the subsidiaries in the PRC participate in employee social insurance plans established in the PRC, which cover pension, medical and other welfare benefits. The plans are organized and administered by the government authorities. Except for the contributions made to these social insurance plans, the Group has no other commitments owing to the employees. According to the relevant regulations, the contributions that should be borne by the companies within the Group as required by the above social insurance plans are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are expensed as incurred.

Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees.

As at December 31, 2024 and 2023, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions.

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) – *continued*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include four directors and supervisors for the year ended December 31, 2024 (2023: three), and their emoluments are reflected in the analysis shown in Note 10(c). The emoluments payable to the remaining one individual for the year ended December 31, 2024 (2023: two) are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Salaries and wages	**571**	1,481
Pension costs – defined contribution plans	**50**	92
Other social security costs, housing benefits and other employee benefits	**47**	97
Share-based compensation expenses	**5,888**	14,980
	6,556	16,650

The emoluments fell within the following bands:

	Year ended December 31,	
	2024	2023
Emoluments bands:		
HKD3,500,001 to HKD4,000,000	**–**	1
HKD7,000,001 to HKD7,500,000	**1**	–
HKD14,500,001 to HKD15,000,000	**–**	1
	1	2

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals for the year ended December 31, 2024 (2023: nil).

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) – *continued*

(c) Directors', chief executive's and supervisors' emoluments

The emoluments of every director and the chief executive and supervisor is set out below:

	Fees RMB'000	Salaries RMB'000	Pension cost-defined contribution plan RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
For the year ended December 31, 2024						
Chairman and executive director:						
Mr. Wang Bin	–	973	64	63	18,792	19,892
Executive directors:						
Mr. Chen Kunrong *(i)*	–	–	–	–	–	–
Ms. Cui Yan	–	617	58	57	5,888	6,620
Mr. Yu Lizhi	–	374	48	35	–	457
Mr. Chao Hua *(ii)*	–	857	50	47	1,002	1,956
Non-executive directors:						
Ms. An Yufang	67	–	–	–	–	67
Mr. Zhu Chao *(Note 10(h))*	–	–	–	–	–	–
Independent non-executive directors:						
Mr. Zhang Chen	67	–	–	–	–	67
Mr. Wang Xiaochuan *(iii)*	–	–	–	–	–	–
Ms. Guo Wei	67	–	–	–	–	67
Mr. Zhang Changhao *(iv)*	67	–	–	–	–	67
Supervisors:						
Mr. Huang Ronghui	–	698	61	57	501	1,317
Mr. Qi Rupeng	–	542	55	54	–	651
Ms. Qin Yi	33	–	–	–	–	33
	301	4,061	336	313	26,183	31,194

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) – *continued*

(c) Directors', chief executive's and supervisors' emoluments – *continued*

	Fees RMB'000	Salaries RMB'000	Pension cost-defined contribution plan RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
For the year ended December 31, 2023						
Chairman and executive director:						
Mr. Wang Bin	–	900	58	57	40,855	41,870
Executive directors:						
Mr. Chen Kunrong	–	774	46	49	–	869
Ms. Cui Yan	–	488	56	54	12,801	13,399
Mr. Yu Lizhi	–	148	42	33	–	223
Non-executive directors:						
Ms. An Yufang	–	–	–	–	–	–
Mr. Zhu Chao	–	–	–	–	–	–
Independent non-executive directors:						
Mr. Zhang Chen	–	–	–	–	–	–
Mr. Wang Xiaochuan	–	–	–	–	–	–
Ms. Guo Wei	–	–	–	–	–	–
Supervisors:						
Mr. Huang Ronghui	–	648	60	59	1,089	1,856
Mr. Qi Rupeng	–	508	54	53	–	615
Mr. Qin Yi	–	–	–	–	–	–
	–	3,466	316	305	54,745	58,832

Notes:

(i) Mr. Chen Kunrong resigned as an executive director and the president of the Company with effect from January 11, 2024.

(ii) Mr. Chao Hua was appointed as an executive director of the Company with effect from May 21, 2024.

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) – *continued*

(c) Directors', chief executive's and supervisors' emoluments – *continued*

Notes: – continued

(iii) Mr. Wang Xiaochuan retired and resigned as an independent non-executive director of the Company with effect from May 21, 2024.

(iv) Mr. Zhang Changhao was appointed as an independent non-executive director of the Company with effect from May 21, 2024.

During the years ended December 31, 2024 and 2023, no emoluments were paid by the Group to any of the directors, supervisors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

(d) Directors' and supervisors' retirement and termination benefits

No retirement and termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director's services as a director and a supervisor of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiaries during the years ended December 31, 2024 and 2023.

(e) Consideration provided to third parties for making available directors' and supervisors' services

No consideration provided to third parties for making available directors' and supervisors' services subsisted at the end of each reporting period or at any time during the years ended December 31, 2024 and 2023.

(f) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

There was no loans, quasi-loans or other dealings are entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the years ended December 31, 2024 and 2023.

(g) Directors' and supervisors' material interests in transactions, arrangements or contract

There was no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the years ended December 31, 2024 and 2023.

(h) Waiver of directors' emoluments

Save as Mr. Zhu Chao, none of the directors waived or have agreed to waive any emoluments during the year ended December 31, 2024.

11 FINANCE COSTS, NET

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	**4,098**	–
Finance costs		
Interest expenses on borrowings	**(4,958)**	(5,458)
Interest expenses on lease liabilities	**(1,465)**	(3,143)
	(6,423)	(8,601)
Finance cost, net	**(2,325)**	(8,601)

12 INCOME TAX EXPENSE

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Current income tax	**1,416**	8,513
Deferred income tax *(Note 27)*	**17,484**	(3,038)
Income tax expense	**18,900**	5,475

12 INCOME TAX EXPENSE – *continued*

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the year ended December 31, 2024 (2023: 25%), being the standard income tax rate in the PRC. The differences are analyzed as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Loss before income tax expense	(191,838)	(313,998)
Tax calculated at the tax rate of 25%	(47,960)	(78,499)
Effects of different tax rates of the subsidiaries	14,143	10,271
Effects of share of post-tax results of investments accounted for using the equity method	549	891
Super deduction for research and development expenses	(1,287)	(3,042)
Expenses not deductible for tax purpose	8,428	7,580
Utilization of tax losses and temporary differences previously not recognized	(2,213)	(5,367)
Tax losses and temporary differences not recognized as deferred income tax assets or liabilities	47,240	73,641
Income tax expense	18,900	5,475

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

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the years ended December 31, 2024 and 2023.

The Company was qualified as a "High and New Technology Enterprise" ("HNTE") in December 2017, and renewed the qualification in December 2023. As a result, it is subject to a preferential CIT rate of 15% for the years ended December 31, 2024 and 2023.

Shenzhen Youbaokesi Technology Co., Ltd. ("Shenzhen Youbaokesi") was qualified as a HNTE in December 2016, and renewed this qualification in December 2019 and December 2022. As a result, it is subject to a preferential CIT rate of 15% for the years ended December 31, 2024 and 2023.

Certain subsidiaries of the Group in the PRC have been granted certain tax concessions for small scale entities by tax authorities in the PRC and enjoy reduced tax rates.

Save as aforesaid, the Company and other major subsidiaries were subject to CIT at a rate of 25%.

12 INCOME TAX EXPENSE – *continued*

(b) Research and development super deduction

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that was effective from 2023 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses from incurred October 1, 2022 to December 31, 2024 as tax deductible expenses.

13 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the years ended December 31, 2024 and 2023, excluding treasury shares.

	Year ended December 31,	
	2024	2023
Loss attributable to owners of the Company (RMB'000)	**(197,276)**	(327,295)
Weighted average number of ordinary shares outstanding (thousand)	**779,835**	760,908
Basic loss per share (RMB)	**(0.25)**	(0.43)

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares.

As the Group incurred loss for the year ended December 31, 2024 and 2023, respectively, the impact of share options as detailed in Note 26 was not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2024 and 2023 is the same as basic loss per share for the respective year.

14 DIVIDENDS

No dividends have been paid or declared to the shareholders of the Company for the years ended December 31, 2024 and 2023.

15 PROPERTY AND EQUIPMENT

	Vending machines RMB'000	Electronic equipment RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Leasehold improvements RMB'000	Total RMB'000
As at January 1, 2023						
Cost	460,325	13,608	42,617	8,895	15,318	540,763
Accumulated depreciation	(146,136)	(10,395)	(28,760)	(7,164)	(11,852)	(204,307)
Accumulated impairment	(40,118)	–	–	–	–	(40,118)
Net book amount	274,071	3,213	13,857	1,731	3,466	296,338
Year ended December 31, 2023						
Opening net book amount	274,071	3,213	13,857	1,731	3,466	296,338
Additions	18,839	433	395	91	10	19,768
Disposals	(35,293)	(12)	(3,529)	(19)	(37)	(38,890)
Depreciation charge *(a)*	(134,371)	(1,804)	(5,280)	(762)	(2,569)	(144,786)
Closing net book amount	123,246	1,830	5,443	1,041	870	132,430
As at December 31, 2023						
Cost	363,669	13,707	25,549	8,835	3,439	415,199
Accumulated depreciation	(240,360)	(11,877)	(20,106)	(7,794)	(2,569)	(282,706)
Accumulated impairment	(63)	–	–	–	–	(63)
Net book amount	123,246	1,830	5,443	1,041	870	132,430
Year ended December 31, 2024						
Opening net book amount	123,246	1,830	5,443	1,041	870	132,430
Additions	200,238	55	1,111	584	–	201,988
Disposals	(778)	(12)	(547)	(431)	–	(1,768)
Depreciation charge *(a)*	(78,696)	(677)	(3,039)	(426)	(870)	(83,708)
Closing net book amount	244,010	1,196	2,968	768	–	248,942
As at December 31, 2024						
Cost	1,113,465	13,592	21,060	8,715	870	1,157,702
Accumulated depreciation	(819,985)	(12,396)	(18,092)	(7,947)	(870)	(859,290)
Accumulated impairment	(49,470)	–	–	–	–	(49,470)
Net book amount	244,010	1,196	2,968	768	–	248,942

15 PROPERTY AND EQUIPMENT – *continued*

(a) Depreciation of the Group's property and equipment has been recognized as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Cost of sales	**19,218**	7,338
Selling and marketing expenses	**62,280**	128,590
General and administrative expenses	**2,210**	8,858
	83,708	144,786

(b) During the year ended December 31, 2024, the carrying value of the leased vending machines amounting to approximately RMB181,097,000 were transferred to property and plant when the purchase option were exercised by the Group at nominal price upon expiry of respective lease terms.

(c) As at December 31, 2024, the Group's vending machines of approximately RMB14,836,000 (2023: nil) were pledged as collateral for the Group's bank borrowings (Note 30).

15 PROPERTY AND EQUIPMENT – *continued*

(d) Depreciation methods and useful lives

Property and equipment are stated at historical costs less depreciation. Historical costs include expenditure that are directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

	Useful lives	Residual values
• Vending machines	5-10 years	5%
• Electronic equipment	5 years	5%
• Motor vehicles	5 years	5%
• Office equipment and others	5 years	5%
• Leasehold improvements	Shorter of estimated useful lives and remaining lease terms	–

The Group completed a re-assessment of the useful lives of its vending machines, and determined that the estimated useful lives of certain vending machines should be extended from 5 years to 7 years based on the current operating condition and performance of these vending machines with effective from January 1, 2024. It was accounted for prospectively as a change in accounting estimate.

The depreciation of vending machines has been decreased by approximately RMB80,392,000 for the year ended December 31, 2024 as a result of change in estimated useful lives.

See Note 38.5 for the other accounting policies relevant to property and equipment.

16 LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts recognized in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Right-of-use assets		
– Vending machines	–	181,097
– Warehouse	16,633	17,175
– Buildings	2,578	4,966
– Motor vehicles	160	388
	19,371	203,626
Lease liabilities		
– Current	12,267	17,340
– Non-current	10,071	11,193
	22,338	28,533

Additions to the right-of-use assets during the year ended December 31, 2024 were RMB14,817,000 (2023: RMB9,047,000).

(b) Amounts recognized in the consolidated statement of comprehensive loss

The consolidated statement of comprehensive loss shows the following amounts relating to leases:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets	17,975	94,491
Interest expense (included in finance costs)	1,465	3,143
Expense relating to short-term and low-value leases (included in expenses)	15,031	23,607

16 LEASES – *continued*

(c) The Group's leasing activities and how these are accounted for

The Group leases certain offices buildings, warehouses, motor vehicles and vending machines. Rental contracts for offices buildings are typically made for fixed periods of 1 month to 60 months. Rental contracts for warehouse are typically made for fixed periods of 1 month to 69 months. Rental contracts for motor vehicles are typically made for fixed periods of 1 month to 48 months. Lease terms are negotiated on an individual basis and contain various terms and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a buildup approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and

- makes adjustments specific to the lease, e.g., term, country, currency and security.

16 LEASES – *continued*

(c) The Group's leasing activities and how these are accounted for – *continued*

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are generally depreciated over the shorter of the asset's useful lives and the lease terms on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months or less without a purchase option. Low-value assets comprise machineries with value below RMB35,000.

See Note 38.23 for the other accounting policies relevant to leases.

(d) Variable lease payments

During the years ended December 31, 2024 and 2023, the Group leases the offices buildings, warehouses, motor vehicles and vending machines with fixed lease payments.

(e) Extension and termination options

Lease payments to be made under reasonably certain extension options are included in the measurement. No termination options are included in building leases across the Group.

(f) Residual value guarantees

No residual value guarantees are provided in relation to leases.

17 INTANGIBLE ASSETS

	Goodwill RMB'000	Internally generated software RMB'000	Purchased software RMB'000	Total RMB'000
As at January 1, 2023				
Cost	195,182	91,622	84,075	370,879
Accumulated amortization	–	(55,630)	(39,035)	(94,665)
Accumulated impairment	(158,386)	(14,947)	–	(173,333)
Net book amount	36,796	21,045	45,040	102,881
Year ended December 31, 2023				
Opening net book amount	36,796	21,045	45,040	102,881
Additions	–	–	17,285	17,285
Amortization charge	–	(7,031)	(8,326)	(15,357)
Closing net book amount	36,796	14,014	53,999	104,809
As at December 31, 2023				
Cost	195,182	91,624	101,359	388,165
Accumulated amortization	–	(62,663)	(47,360)	(110,023)
Accumulated impairment	(158,386)	(14,947)	–	(173,333)
Net book amount	36,796	14,014	53,999	104,809
Year ended December 31, 2024				
Opening net book amount	**36,796**	**14,014**	**53,999**	**104,809**
Additions	**–**	**–**	**90**	**90**
Amortization charge	**–**	**(7,011)**	**(9,707)**	**(16,718)**
Impairment	**(20,775)**	**–**	**–**	**(20,775)**
Closing net book amount	**16,021**	**7,003**	**44,382**	**67,406**
As at December 31, 2024				
Cost	**195,182**	**91,624**	**101,449**	**388,255**
Accumulated amortization	**–**	**(69,674)**	**(57,067)**	**(126,741)**
Accumulated impairment	**(179,161)**	**(14,947)**	**–**	**(194,108)**
Net book amount	**16,021**	**7,003**	**44,382**	**67,406**

17 INTANGIBLE ASSETS – *continued*

(a) Amortization of the Group's intangible assets has been recognized as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Selling and marketing expenses	**1,725**	–
General and administrative expenses	**12,131**	12,065
Research and development expenses	**2,862**	3,292
	16,718	15,357

(b) Amortization method and period

The Group amortizes software licenses using the straight-line method over 3-10 years. The Group can use the software as long as it can meet the Group's business needs. Based on the current functionalities equipped by software licenses and the daily operation needs, the Group considers a useful life of 3-10 years is the best estimation under current business needs.

(c) Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining software are recognized as expenses as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software or database so that it will be available for use;
- management intends to complete the software or database, and use or sell it;
- there is an ability to use or sell the software or database;
- it can be demonstrated how the software or database will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software or database are available; and
- the expenditure attributable to the software or database during its development can be reliably measured.

17 INTANGIBLE ASSETS – *continued*

(c) Software – *continued*

Directly attributable costs that are capitalized as part of the software or database include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use. There were no development costs meeting these criteria and capitalized as intangible assets for the years ended December 31, 2024 and 2023. See Note 38.6 for the other accounting policies relevant to intangible assets, and Note 38.7 for the Group's policy regarding impairment.

(d) Impairment assessment of goodwill

The goodwill of the Group mainly arose from the acquisition of freshly brewed beverage vending machines business and other vending machines business in previous years.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those CGU or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

The management considers that the freshly brewed beverage vending machines business and the other vending machines business represent the smallest identifiable group of assets that generate cash inflows and are largely independent of the cash inflows from other assets. The following is a summary of goodwill allocated by the management of the Group for each CGU:

	Freshly brewed beverage vending machine business RMB'000	Other vending machine business RMB'000
Year ended December 31, 2024		
Opening net book amount	**20,775**	**16,021**
Impairment	**(20,775)**	**–**
Closing net book amount	**–**	**16,021**
Year ended December 31, 2023		
Opening net book amount	20,775	16,021
Closing net book amount	20,775	16,021

17 INTANGIBLE ASSETS – *continued*

(d) Impairment assessment of goodwill – *continued*

Impairment review on the goodwill has been conducted by the management as at December 31, 2024 and 2023 according to HKAS 36 "Impairment of assets". The Group carried out its impairment test on goodwill by comparing the recoverable amounts of each CGU to their carrying amounts. For the purpose of goodwill impairment review, the recoverable amount of a CGU (or group of CGUs) was determined based on fair value less cost of disposal ("FVLCOD") calculations. FVLCOD was determined using discounted cash flow projections of which the accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. The management leveraged their experiences in the industries and prepared the cash flow projections from the perspective of other market participants. The discount rates adopted were derived from the analysis of valuer's interpretation of time value and specific risk of prevailing market participants adjusted for the difference in the marketability.

The following table sets out the key assumptions used in the FVLCOD calculations for those CGUs allocated with goodwill:

	Freshly brewed beverage vending machine business	Other vending machine business
As at December 31, 2024		
Revenue growth rate for five-year period	**2.0%**	**4.7% to 16.9%**
Terminal value growth rate	**2.0%**	**2.0%**
Gross margin	**55.0%**	**39.6% to 41.8%**
Pre-tax discount rate	**17.0%**	**15.0%**
Discount for lack of marketability	**20.0%**	**10.0%**
As at December 31, 2023		
Revenue growth rate for five-year period	11.5% to 86.4%	12.4% to 41.1%
Terminal value growth rate	2.5%	2.5%
Gross margin	69.0%	43.0% to 44.4%
Pre-tax discount rate	17.0%	14.5%
Discount for lack of marketability	15.0%	10.0%

17 INTANGIBLE ASSETS – *continued*

(d) Impairment assessment of goodwill – *continued*

Revenue growth rates and gross profit margins were determined by management of the Company based on past performance and the future business plan of the CGUs expected to be achieved. Discount rates reflect market assessments of the time value and the specific risks relating to the industry. The post-tax discount rates adopted are based on the weighted average cost of capital ("WACC") of each of the two cash-generating units, mainly involving four key parameters: (i) cost of equity estimated from the capital asset pricing model, (ii) small size risk premium, (iii) company-specific risk premium and (iv) capital structure. The terminal value growth rates were based on the expected inflation rates, which have been applied to the terminal year's cash flows. The discount for lack of marketability was determined by the independent external valuer engaged by the Company by use the Black-Scholes model.

Based on the results of the impairment assessments: (i) an impairment loss of approximately RMB20,775,000 on the goodwill relating to freshly brewed beverage vending machines business was charged to the consolidated statement of comprehensive loss under "Other losses, net" for the year ended December 31, 2024 (2023: nil) (Note 9), and (ii) the recoverable amount calculated based on FVLCOD exceeded carrying value by RMB1,565,178,000 (2023: RMB3,637,652,000) for the CGU of other vending machine business. Had annual growth rate of revenue for a five-year period been 10% lower or the pre-tax discount rate been 10% higher, the headroom would be decreased to RMB1,087,178,000 or RMB1,415,178,000 (2023: RMB3,265,652,000 or RMB3,619,652,000), respectively. Reasonably possible changes in key assumptions will not lead to the goodwill impairment loss as of December 31, 2024 and 2023.

As at December 31, 2024 and 2023, all of the goodwill have been allocated to the segment of unmanned retail business.

18 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Investment in a joint venture *(a)*	–	2,554
Investment in associates *(b)*	44,082	54,208
	44,082	56,762

(a) Investments in a joint venture

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	2,554	2,615
Share of (profit)/loss of a joint venture	20	(61)
Provision for impairment	(2,574)	–
At the end of the year	–	2,554

As at December 31, 2024 and 2023, the joint venture of the Group was as follows:

Company name	Place of incorporation and operation	Registered capital ('000)	Percentage of ownership interest attributable to the Group As at December 31, 2024	2023	Principal activities	Carrying amount As at December 31, 2024 RMB'000	2023 RMB'000
Shijia Youchang Technology Ltd. ("Shijia Youchang")	PRC	RMB50,000	40.0%	40.0%	Computer software and hardware developer	-	2,554

During the year ended December 31, 2024, the Group made impairment provision of RMB2,574,000 (2023: nil) against the carrying amounts of Shijia Youchang, based on the results of impairment assessment performed on the carrying amount against its respective recoverable amount.

The directors of the Company considered that the joint venture was insignificant to the Group.

As at December 31, 2024 and 2023, there were no material contingent liabilities relating to the Group's interests in the joint venture.

18 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – *continued*

(b) Investments in associates

	Year ended December 31, 2024 RMB'000	2023 RMB'000
At the beginning of the year	**54,208**	60,087
Share of loss of associates	**(3,349)**	(5,879)
Provision for impairment	**(6,777)**	–
At the end of the year	**44,082**	54,208

The associates of the Group were as follows:

Company name	Place of incorporation and operation	Registered capital ('000)	Percentage of ownership interest attributable to the Group As at December 31, 2024	2023	Principal activities	Carrying amount As at December 31, 2024 RMB'000	2023 RMB'000
JR Vending Pte. Ltd.	Singapore	SGD4,643	**60.6%**	60.6%	Operation of unmanned retail machine	**17,028**	27,488
Hangzhou Penguin Technology Co., Ltd.	PRC	RMB14,556	**14.1%**	14.1%	Software development and technical services	**27,054**	26,720

19 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Financial assets		
Financial assets at amortized cost		
Trade receivables *(Note 22)*	**52,815**	34,927
Deposits and other receivables (excluding deductible input value-added tax) *(Note 22)*	**86,453**	112,652
Cash and cash equivalents and restricted cash *(Note 23)*	**346,985**	347,652
	486,253	495,231
Financial assets at FVPL *(Note 20)*	**14,200**	35,300
	500,453	530,531
Financial liabilities		
Financial liabilities at amortized cost		
Trade payables *(Note 28)*	**147,969**	185,444
Other payables and accruals (excluding salaries, wages and bonuses payable and other taxes payable) *(Note 29)*	**139,954**	160,476
Borrowings *(Note 30)*	**107,182**	79,050
Lease liabilities *(Note 16)*	**22,338**	28,533
	417,443	453,503

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Investments in wealth management products *(a)*	**–**	–
Investments in unlisted equity securities *(b)*	**14,200**	35,300
	14,200	35,300

(a) Investment in wealth management products

Movements in investment in wealth management products were as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**–**	–
Acquisitions	**–**	40,000
Disposals	**–**	(40,000)
Interest received	**–**	(152)
Interest income	**–**	152
At the end of the year	**–**	–

(b) Investments in unlisted equity securities

The Group's and the Company's investments in unlisted equity securities included in financial assets at FVPL represent the investment in certain privately owned companies. The fair value estimation is disclosed in Note 3.3 for details.

Movements of investments in unlisted equity securities included in financial assets at FVPL were as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**35,300**	36,100
Changes in fair value *(Note 9)*	**(21,100)**	(800)
At the end of the year	**14,200**	35,300

21 INVENTORIES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Raw materials	40,591	55,081
Merchandise	105,932	91,942
Machines held for sale	26,885	34,608
Less: Provision for impairment	(6,080)	(6,728)
	167,328	174,903

(a) Amounts recognized in profit or loss

The analysis of the amount of inventories recognized as cost and included in profit or loss of the Group is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Cost of inventories sold *(Note 7)*	1,840,861	1,555,461
Inventories written-off *(Note 7)*	7,730	–
	1,848,591	1,555,461

22 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Trade receivables *(a)*	63,514	42,301
Less: Allowance for impairment *(Note 3.1(b))*	(10,699)	(7,374)
Trade receivables, net	52,815	34,927
Prepayments for purchase of machines	147,764	167,298
Prepayments for POSs expenses	25,224	22,290
Prepayments for purchase of inventories	21,413	52,508
Others	5,397	8,955
Prepayments	199,798	251,051
Advances to and receivables from business partners *(i)*	65,528	83,042
Deposits	34,430	39,339
Advances to staffs	15,432	11,876
Deductible input value-added tax	19,656	18,443
Amounts due from POSs partners *(ii)*	22,396	21,548
Others	11,541	19,397
Less: Allowance for impairment of deposits and other receivables *(Note 3.1(b))*	(62,874)	(62,550)
Deposits and other receivables, net	106,109	131,095
Trade receivables, prepayments, deposits and other receivables	358,722	417,073
Less: Non-current portion		
– Prepayments and other receivables	(148,800)	(167,298)
Current portion	209,922	249,775

(i) As at December 31, 2024, except for an advance to an associate amounting to RMB4,000,000 (2023: RMB8,000,000) was interest-bearing at interest rate of 5% (2023: 2.25%) per annum and due within one year, other advances to and receivables from business partners were interest-free, unsecured and repayable on demand.

(ii) Amounts due from POSs partners represent advanced costs for developing POSs paid by the Group, which would be deducted from their share of income and typically to be settled on a monthly basis.

22 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – *continued*

(a) Trade receivables

Trade receivables mainly arise from unmanned retail business, advertising and system support services and sales of vending machines. Customers are generally granted credit terms of 30 to 180 days. The aging analysis of trade receivables based on services delivery date or invoice date is as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
0 to 3 months	**50,331**	25,960
3 to 6 months	**2,763**	5,289
6 to 12 months	**384**	1,280
1 to 2 years	**1,915**	3,992
2 to 3 years	**3,101**	1,844
3 to 4 years	**1,528**	1,524
Over 4 years	**3,492**	2,412
	63,514	42,301

As at December 31, 2024 and 2023, trade receivables were mainly denominated in RMB.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

The Group applies the simplified approach to provide for ECL on trade receivables. The movements on the Group's and Company's allowance for impairment of trade receivables are disclosed in Note 3.1.

23 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Cash at bank and on hand	**268,588**	347,563
Term deposits with initial terms within three months	**64,823**	–
Cash and cash equivalents	**333,411**	347,563

(a) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest. See Note 38.12 for the Group's other accounting policies on cash and cash equivalents.

(b) Cash and cash equivalents were denominated in the following currencies:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
RMB	**244,196**	142,182
HKD	**89,215**	205,381
	333,411	347,563

(c) Restricted cash

As at December 31, 2024, the restricted bank deposits of RMB13,562,000 (2023: nil) was restricted due to a pending arbitration, the restricted bank deposits of RMB12,000 (2023: RMB89,000) were held at bank due to administrative reasons.

As at December 31, 2023 and 2024, all the restricted cash were denominated in RMB.

24 SHARE CAPITAL

	Number of ordinary shares	Share capital RMB'000
Issued and fully paid		
As at January 1, 2023	757,258,933	757,259
Issuance of ordinary shares	22,576,500	22,576
As at December 31, 2023	779,835,433	779,835
As at January 1, 2024 and December 31, 2024	**779,835,433**	**779,835**

25 RESERVES

	Share premium RMB'000	Other reserves RMB'000	Total reserves RMB'000
As at January 1, 2023	1,723,563	42,354	1,765,917
Share-based compensation expenses *(Note 26)*	–	84,026	84,026
Issuance of ordinary shares	188,422	–	188,422
As at December 31, 2023	1,911,985	126,380	2,038,365
As at January 1, 2024	**1,911,985**	**126,380**	**2,038,365**
Share-based compensation expenses *(Note 26)*	**–**	**44,154**	**44,154**
As at December 31, 2024	**1,911,985**	**170,534**	**2,082,519**

26 SHARE-BASED COMPENSATION

In May 2021, the directors of the Company approved the establishment of an employee share option plan ("Pre-IPO Incentive Scheme") with the purpose of incentivizing the management members and core employees (the "Participants") of the Group to further promote the development and in recognition of their contributions. Under the Pre-IPO Incentive Scheme, the Group granted options to the Participants on January 10, 2023 (the "Grant Date") to acquire up to 37,750,000 shares of the Company at a price of RMB1.99 per share.

Subject to satisfaction of the relevant conditions of exercise, the options shall be exercisable after the Listing Date in three batches, arrangement and valuation results set out as below:

Exercise period	Duration	Proportion of exercisable share options to the total number of share options granted	Number of share options	Exercise price (in RMB)	Fair value per share (in RMB)
Exercise period in respect of the first batch of the share options	For a period of 12 months commencing on the later of: (i) first trading day after the expiration of the 12-month period from the date of grant and (ii) the Listing Date (the "First Exercise Date")	40%	15,100,000	1.99	4.24
Exercise period in respect of the second batch of the share options	Commencing on the first trading day after the expiration of the 12-month period from the First Exercise Date and ending on the last trading day of the 24-month period from the First Exercise Date	30%	11,325,000	1.99	4.38
Exercise period in respect of the third batch of the share options	Commencing on the first trading day after the expiration of the 24-month period from the First Exercise Date and ending on the last trading day of the 36-month period from the First Exercise Date	30%	11,325,000	1.99	4.49

26 SHARE-BASED COMPENSATION – *continued*

The shares to be issued to the Participants pursuant to the exercise of the options are subject to below lock-up restrictions where the Participants is a director, supervisor or a member of the senior management of the Company: (i) the number of shares which may be transferred by the Participants each year during his/her tenure of office shall not exceed 25% of the total number of the shares held by him/her, and (ii) the Participants shall not transfer any shares held by him/her within (a) one year from the Listing Date and (b) six months after his/her resignation from the positions held in the Group.

The fair value of the employee service received in exchange for the grant of equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (e.g., the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

During the year ended December 31, 2024, the share-based compensation expenses in connection with the awarded share options recognized in profit or loss amounted to approximately RMB44,154,000 (2023: RMB84,026,000).

Movements in the number of shares options are as follows:

	2024		2023	
	Average exercise price per share in HKD	**Number of share options**	Average exercise price per share in HKD	Number of share options
At January 1	**2**	**36,850**	–	–
Granted	**–**	**–**	2	37,750
Forfeited	**2**	**(6,700)**	–	–
At December 31	**2**	**30,150**	2	37,750
Vested and exercisable at December 31		**14,470**		–

27 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at December 31, 2024 RMB'000	2023 RMB'000
Deferred income tax assets:		
– To be recovered after more than 12 months	**15,052**	15,695
– To be recovered within 12 months	**9,371**	30,041
	24,423	45,736
Set-off of deferred income tax assets pursuant to set-off provision	**(4,254)**	(5,633)
Net deferred income tax assets	**20,169**	40,103
Deferred income tax liabilities:		
– To be recovered after more than 12 months	**(3,591)**	(7,287)
– To be recovered within 12 months	**(663)**	(796)
	(4,254)	(8,083)
Set-off of deferred income tax liabilities pursuant to set-off provision	**4,254**	5,633
Net deferred income tax liabilities	**–**	(2,450)

27 DEFERRED INCOME TAX – *continued*

The movement in deferred income tax assets and liabilities for the years ended December 31, 2024 and 2023, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	As at January 1, 2024 RMB'000	(Charged)/ credited to profit or loss RMB'000	As at December 31, 2024 RMB'000
The balance comprises temporary differences attributable to:			
Deferred income tax assets			
– Impairment provisions	14,310	(13,778)	532
– Unrealized profit resulting from intragroup transactions	20,343	(4,455)	15,888
– Tax losses	3,779	(3,779)	–
– Lease liabilities	6,504	(2,250)	4,254
– Changes in fair value of financial assets at FVPL	800	(800)	–
– Accrued liabilities	–	3,749	3,749
	45,736	(21,313)	24,423
Deferred income tax liabilities			
– Right-of-use assets	(5,633)	1,379	(4,254)
– Financial assets at FVPL	(2,450)	2,450	–
	(8,083)	3,829	(4,254)

27 DEFERRED INCOME TAX – *continued*

	As at January 1, 2023 RMB'000	(Charged)/ credited to profit or loss RMB'000	As at December 31, 2023 RMB'000
The balance comprises temporary differences attributable to:			
Deferred income tax assets			
– Impairment provisions	14,841	(531)	14,310
– Unrealized profit resulting from intragroup transactions	17,361	2,982	20,343
– Tax losses	2,840	939	3,779
– Lease liabilities	11,102	(4,598)	6,504
– Changes in fair value of financial assets at FVPL	625	175	800
	46,769	(1,033)	45,736
Deferred income tax liabilities			
– Right-of-use assets	(10,104)	4,471	(5,633)
– Changes in fair value of financial assets at FVPL	(2,050)	(400)	(2,450)
	(12,154)	4,071	(8,083)

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the recognition of the related tax benefits through the future taxable profits is probable. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at December 31, 2024, the Group did not recognize deferred income tax assets of RMB284,655,000 (2023: RMB361,420,000) in respect of tax losses amounting to RMB1,502,033,000 (2023: RMB1,516,760,000), which can be carried forward to offset against future taxable income, all of which will expire in 2025 to 2034 (2023: 2024 to 2033).

28 TRADE PAYABLES

As at December 31, 2024 and 2023, the aging analysis of the trade payables based on invoice date were as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
0 to 3 months	**143,998**	179,219
3 to 6 months	**118**	141
6 to 12 months	**304**	1,885
1 to 2 years	**1,058**	2,547
2 to 3 years	**1,445**	912
Over 3 years	**1,046**	740
	147,969	185,444

29 OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Accrued and payments of POSs operation expenses	**62,034**	78,273
Deposits from POS partners	**40,622**	44,302
Salaries, wages and bonuses payable	**30,787**	30,669
Accrued liabilities *(i)*	**14,996**	–
Other taxes payable	**5,777**	8,206
Listing expenses payable	**3,226**	18,755
Professional service fees payable	**3,100**	3,500
Others	**15,976**	15,646
	176,518	199,351

(i) As of December 31, 2024, there were certain claims pending in the courts and arbitrations, or otherwise unsolved, the accrued liabilities mainly represented provision for an unsettled claim with a supplier.

30 BORROWINGS

	As at December 31, 2024 RMB'000	As at December 31, 2023 RMB'000
Current		
Short-term bank borrowings – guaranteed *(a)*	**84,990**	79,050
Current portion of long-term bank borrowings – guaranteed *(b)*	**2,286**	–
Current portion of long-term bank borrowings – guaranteed and secured *(b)*	**15,304**	–
	102,580	79,050
Non-current		
Long-term bank borrowings – guaranteed *(b)*	**571**	–
Long-term bank borrowings – guaranteed and secured *(b)*	**4,031**	–
	4,602	–
	107,182	79,050

(a) As at December 31, 2024, the short-term bank borrowings of RMB84,990,000 (2023: RMB79,050,000) was guaranteed by the Company and certain of its subsidiaries.

(b) As of December 31, 2024, the long-term bank borrowings of RMB2,857,000 (2023: nil) was guaranteed by a third-party guarantee company with a counter guarantee provided by Mr. Yang Ling, the legal representative and shareholder of a subsidiary of the Group, the long-term bank borrowings of approximately RMB19,335,000 (2023: nil) was guaranteed by certain subsidiaries of the Group and secured by certain of the Group's property and plant (Note 15).

(c) As at December 31, 2024, the weighted average interest rate of short-term bank borrowings was 4.32% (2023: 5.81%), and the weighted average interest rate of long-term bank borrowings was 4.46%.

(d) The fair values of the respective borrowings approximated their carrying amounts.

(e) All the carrying amounts of the borrowings were denominated in RMB.

(f) The maturity of borrowings is as follows:

	As at December 31, 2024 RMB'000	As at December 31, 2023 RMB'000
Within 1 year	**102,580**	79,050
Between 1 and 2 years	**4,602**	–
	107,182	79,050

31 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Loss before income tax	**(191,838)**	(313,998)
Adjustments for:		
Depreciation of right-of-use assets *(Note 16)*	**17,975**	94,491
Depreciation of property and equipment *(Note 15)*	**83,708**	144,786
Amortization of intangible assets *(Note 17)*	**16,718**	15,357
Net impairment losses on financial assets *(Note 3.1(b))*	**11,524**	5,259
Net foreign exchange (gains)/losses *(Note 9)*	**(3,200)**	2,336
Impairment of intangible assets *(Note 17)*	**20,775**	–
Share of results of investments accounted for using the equity method *(Note 18)*	**3,329**	5,940
Impairment of associates accounted for using the equity method	**9,351**	–
Fair value changes on financial assets at FVPL *(Note 20)*	**21,100**	800
Net losses on disposals of property and equipment *(Note 9)*	**650**	13,385
Net losses on disposal of subsidiaries *(Note 37(c))*	**703**	4,874
Inventories written-off	**7,730**	–
Finance costs, net *(Note 11)*	**6,423**	8,601
Interest income *(Note 8)*	**(337)**	(2,822)
Interest income from wealth management products *(Note 8)*	**–**	(152)
Share-based compensation expenses *(Note 26)*	**44,154**	84,026
Change in working capital:		
Trade receivables	**(21,641)**	15,010
Prepayments, deposits and other receivables	**27,061**	(46,298)
Inventories	**(155)**	3,667
Trade payables	**(37,475)**	(171)
Contract liabilities	**(16,092)**	33,909
Other payables and accruals	**(10,282)**	39,876
Restricted cash	**(13,485)**	2,646
Cash (used in)/generated from operations	**(23,304)**	111,522

31 CASH FLOW INFORMATION – *continued*

(b) Proceeds from disposal of property and equipment

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Net book amount *(Note 15)*	**1,768**	38,890
Net losses on disposal of property and equipment *(Note 9)*	**(650)**	(13,385)
Proceeds from disposal of property and equipment	**1,118**	25,505

(c) Reconciliation of liabilities generated from financing activities

	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
Net cash as at January 1, 2023	70,000	59,677	129,677
Cash flows	3,592	(43,334)	(39,742)
New leases	–	9,047	9,047
Interest expenses	5,458	3,143	8,601
Net cash as at December 31, 2023	79,050	28,533	107,583
Net cash as at January 1, 2024	**79,050**	**28,533**	**107,583**
Cash flows	**23,174**	**(22,477)**	**697**
New leases	**–**	**14,817**	**14,817**
Interest expenses	**4,958**	**1,465**	**6,423**
Net cash as at December 31, 2024	**107,182**	**22,338**	**129,520**

32 CAPITAL COMMITMENTS

As at December 31, 2024 and 2023, the Group has no significant capital expenditure contracted for but not recognized as liabilities.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties were related parties that had transactions or balances with the Group for the years ended December 31, 2024 and 2023:

(a) Names and relationships with related parties

Company	Relationship
Hangzhou Huanxu Information Technology Co., Ltd. ("Hangzhou Huanxu")	Entity controlled by the same group of a shareholder, which has significant influence on the Group
Hangzhou Huanyao Technology Co., Ltd. ("Hangzhou Huanyao")	Entity controlled by the same group of a shareholder, which has significant influence on the Group
Alipay.com Co., Ltd. ("Alipay China")	Entity controlled by the same group of a shareholder, which has significant influence on the Group
Hangzhou Ant Future Technology Co., Ltd. ("Hangzhou Ant Future")	Entity controlled by the same group of a shareholder, which has significant influence on the Group
Alipay (Hangzhou) Information Technology Co., Ltd. ("Alipay Hangzhou")	Entity controlled by the same group of a shareholder, which has significant influence on the Group
Ant Future (Hainan) Information Technology Co., Ltd. (formerly known as Ant Financial Services (Hainan) Digital Technology Co., Ltd.) ("Ant Hainan")	Entity controlled by the same group of a shareholder, which has significant influence on the Group

33 SIGNIFICANT RELATED PARTY TRANSACTIONS – *continued*

(b) Significant related party transactions

All the transactions with related parties below were on terms mutually agreed by both parties.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Sales of goods		
Associates of the Group	**1,428**	4,801
Provision of services		
Hangzhou Huanxu	**10,363**	1,533
Hangzhou Huanyao	**593**	–
Associates of the Group	**112**	705
Alipay China	**–**	25
	11,068	2,263
Purchase of goods		
Joint ventures of the Group	**–**	2
Purchase of services		
Associates of the Group	**3,517**	–
Hangzhou Huanxu	**125**	–
Alipay China	**10,652**	13,026
	14,294	13,026
Interest income		
Associates of the Group	**337**	557

33 SIGNIFICANT RELATED PARTY TRANSACTIONS – *continued*

(c) Key management personnel compensation

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Salaries, wages and bonuses	**4,632**	4,948
Pension costs – defined contribution plans	**386**	408
Other social security costs, housing benefits and other employee benefits	**359**	402
Share-based compensation expenses	**32,071**	69,726
	37,448	75,484

33 SIGNIFICANT RELATED PARTY TRANSACTIONS – *continued*

(d) Significant year end balances with related parties

All the balances with related parties below were unsecured and repayable within one year.

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Trade in nature and included in:		
Trade receivables		
Associates of the Group	**5,489**	5,325
Other receivables		
Hangzhou Ant Future	**220**	–
Alipay Hangzhou	**50**	–
Associates of the Group	**–**	15,700
	270	15,700
Trade payables		
Ant Hainan	**–**	9,786
Contract liabilities		
Hangzhou Huanxu *(i)*	**17,443**	26,818
Other payables		
Associates of the Group	**–**	151
Non-trade in nature and included in:		
Other receivables		
Associates of the Group	**4,448**	8,557

(i) The balance represents advancement from Hangzhou Huanxu for advertising and promotion of its payment service products (for example, biometric authentication payment services and merchandise recognition services) on the Group's vending machines.

34 CONTINGENT LIABILITIES

On October 16, 2024, the Company received a notice of arbitration filed by Guangzhou Fohon Intelligence Technology Co., Ltd. ("Guangzhou Fohon"), the non-controlling shareholder of a subsidiary of the Company, namely Shenzhen Youfu Sharing Trading Co., Ltd. ("Shenzhen Youfu"), against the Company, which alleged that the Company failed to acquire 49% of the issued share capital of Shenzhen Youfu held by Guangzhou Fohon in accordance with the terms of the investment agreement entered into between the Guangzhou Fohon and the Company on June 15, 2021. Accordingly, Guangzhou Fohon claimed against the Company for acquisition consideration at an amount of approximately RMB145.1 million, default interest on the consideration, legal costs and other costs incurred for the arbitration proceeding.

The arbitration is currently not yet concluded. The directors of the Company, after taking into consideration of the opinion from its legal counsel, are of the view that the Group has reasonable ground to defend the claim. Therefore, the Group has not made any provision as at December 31, 2024.

35 SUBSEQUENT EVENTS

On March 14, 2025, the Company completed the allotment and issue of 51,635,500 H shares to certain institutional professional investors at the price of HKD3.01 per share (the "Placing"), which accounted for 6.21% of the number of shares in issue of the Company upon completion of the Placing. The net proceeds from the Placing amounted to approximately HKD149.2 million.

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

		As at December 31,	
		2024	2023
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property and equipment		12,088	3,252
Right-of-use assets		27	68,523
Intangible assets		17,554	20,304
Investments in subsidiaries		366,510	424,878
Investments accounted for using the equity method		17,028	30,042
Prepayments, deposits and other receivables		142,502	167,174
Total non-current assets		555,709	714,173
Current assets			
Inventories		59,607	71,479
Trade receivables		25	47
Prepayments, deposits and other receivables		3,003	6,421
Amounts due from subsidiaries		2,349,998	1,971,301
Cash and cash equivalents		124,393	206,860
Total current assets		2,537,026	2,256,108
Total assets		3,092,735	2,970,281
EQUITY			
Share capital		779,835	779,835
Reserves	*(b)*	2,412,795	2,368,641
Accumulated losses	*(b)*	(544,962)	(514,909)
Total equity		2,647,668	2,633,567

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY – *continued*

(a) Statement of financial position of the Company – *continued*

	As at December 31, 2024 RMB'000	2023 RMB'000
LIABILITIES		
Non-current liabilities		
Lease liabilities	8	–
Total non-current liabilities	8	–
Current liabilities		
Lease liabilities	22	2,593
Trade payables	1,026	10,206
Other payables and accruals	9,249	23,647
Amounts due to subsidiaries	434,762	300,268
Total current liabilities	445,059	336,714
Total liabilities	445,067	336,714
Total equity and liabilities	3,092,735	2,970,281

The statement of financial position of the Company was approved by the Board of Directors on March 31, 2025 and were signed on its behalf.

Wang Bin	Cui Yan
Director	*Director*

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY – *continued*

(b) Other reserves and accumulated losses movement of the Company

	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000
As at January 1, 2023	1,723,563	372,630	(456,365)
Loss for the year	–	–	(58,544)
Share-based compensation expenses *(Note 26)*	–	84,026	–
Issuance of ordinary shares *(Note 24)*	188,422	–	–
As at December 31, 2023	1,911,985	456,656	(514,909)
As at January 1, 2024	**1,911,985**	**456,656**	**(514,403)**
Loss for the year	**–**	**–**	**(30,559)**
Share-based compensation expenses *(Note 26)*	**–**	**44,154**	**–**
As at December 31, 2024	**1,911,985**	**500,810**	**(544,962)**

37 PARTICULARS OF PRINCIPAL SUBSIDIARIES

The Group's principal subsidiaries at December 31, 2024 and 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares/registered capital that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of subsidiary	Place and date of incorporation and form of legal entity	Principal activities and place of operation	Particulars of issued or registered share capital (RMB'000)	Ownership interest held by the Group As at December 31,	
				2024	2023
Guangzhou Weiji Trading Co., Ltd. (廣州偉吉貿易有限公司)	The PRC, January 20, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	50,000	100.0%	100.0%
Chengdu Youbao Trading Co., Ltd. (成都友寶商貿有限公司)	The PRC, September 26, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	10,000	100.0%	100.0%
Wuhan Youbaokesi Trading Co., Ltd. (武漢友寶科斯科貿有限公司)	The PRC, January 10, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	10,000	100.0%	100.0%
Beijing Beiguo Youbang Electronics Co., Ltd. (北京北國友邦科貿有限公司)	The PRC, September 28, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	10,000	100.0%	100.0%
Henan Youbao Trading Co., Ltd. (河南友寶商貿有限公司)	The PRC, November 21, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	10,000	100.0%	100.0%
Dalian Youbao Trading Co., Ltd. (大連友寶商貿有限公司)	The PRC, February 26, 2014, limited liability company	Operation of unmanned retail and wholesale business in the PRC	3,000	100.0%	100.0%
Shanghai Huilin Trading Co., Ltd. (上海匯臨貿易有限公司)	The PRC, February 28, 2013, limited liability company	Operation of unmanned retail and wholesale business in the PRC	10,000	100.0%	100.0%
Shenzhen Youbaokesi (深圳友寶科斯科技有限公司)	The PRC, July 22, 2014, limited liability company	Software development and technical services in the PRC	150,000	100.0%	100.0%

37 PARTICULARS OF PRINCIPAL SUBSIDIARIES – *continued*

Name of subsidiary	Place and date of incorporation and form of legal entity	Principal activities and place of operation	Particulars of issued or registered share capital (RMB'000)	Ownership interest held by the Group As at December 31, 2024	2023
Beijing Youbao Anglai Technology Co., Ltd. (北京友寶昂萊科技有限公司)	The PRC, September 26, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	20,000	100.0%	100.0%
Suzhou Youbao Online Trading Co., Ltd. (蘇州友寶在線貿易有限公司)	The PRC, March 21, 2019, limited liability company	Operation of unmanned retail and wholesale business in the PRC	10,000	100.0%	100.0%
Tianjin Youbao Trading Co., Ltd. (天津友寶商貿有限公司)	The PRC, August 2, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	5,000	100.0%	100.0%
Changchun Youbao Trading Co., Ltd. (長春友寶商貿有限公司)	The PRC, November 28, 2013, limited liability company	Operation of unmanned retail and wholesale business in the PRC	3,000	100.0%	100.0%
Beijing Taihe Ruitong Cloud Business Technology Co., Ltd. (北京泰和瑞通雲商科技有限公司)	The PRC, January 16, 2014, limited liability company	Operation of unmanned retail and wholesale business in the PRC	30,000	100.0%	100.0%
Beijing Youbei Media Technology Co., Ltd. (北京友貝傳媒科技有限公司)	The PRC, April 1, 2016, limited liability company	Provision of advertising services in the PRC	10,000	100.0%	100.0%
Beijing Qile Jiujiu Technology Co., Ltd. (北京其樂久久科技有限公司)	The PRC, November 14, 2013, limited liability company	Provision of advertising services in the PRC	2,500	100.0%	100.0%
Mianyang Youbao Intelligent Technology Co., Ltd. (綿陽友寶智能科技有限公司)	The PRC, June 16, 2014, limited liability company	Operation of unmanned retail and wholesale business in the PRC	10,000	100.0%	100.0%
Chongqing Youbaokesi Trading Co., Ltd. (重慶友博科斯商貿有限公司)	The PRC, December 24, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	10,000	100.0%	100.0%

37 PARTICULARS OF PRINCIPAL SUBSIDIARIES – *continued*

Name of subsidiary	Place and date of incorporation and form of legal entity	Principal activities and place of operation	Particulars of issued or registered share capital (RMB'000)	Ownership interest held by the Group As at December 31, 2024	2023
Shenyang Youbaokesi Trading Co., Ltd. (瀋陽友寶科斯商貿有限公司)	The PRC, August 20, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	10,000	**100.0%**	100.0%
Hainan Youbaokesi Trading Co., Ltd. (海南友寶科斯貿易有限公司)	The PRC, May 22, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	5,000	**100.0%**	100.0%
Hunan Youbaokesi Technology and Trade Co., Ltd. (湖南友寶科貿有限公司)	The PRC, June 27, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	10,000	**100.0%**	100.0%
Jiangxi Youbaokesi Technology and Trade Co., Ltd. (江西友寶科貿有限公司)	The PRC, October 31, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	10,000	**100.0%**	100.0%
Shantou Youbaokesi Trading Co., Ltd. (汕頭市友寶貿易有限公司)	The PRC, February 28, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	10,000	**100.0%**	100.0%
Nanjing UBOX Intelligent Technology Co., Ltd. (南京友寶科斯智能科技有限公司)	The PRC, August 1, 2012, limited liability company	Software development and technical services in the PRC	5,000	**100.0%**	100.0%
Fuzhou Youbaokesi Trading Co., Ltd. (福州友寶科斯商貿有限公司)	The PRC, August 29, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	5,000	**100.0%**	100.0%
Hangzhou Youbao Technology Co., Ltd. (杭州友寶科技有限公司)	The PRC, March 13, 2014, limited liability company	Operation of wholesale and retail and software development in the PRC	2,000	**100.0%**	100.0%
Xi'an Youbao Intelligent Technology Co., Ltd. (西安友寶智能科技有限公司)	The PRC, May 11, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	12,000	**100.0%**	100.0%

37 PARTICULARS OF PRINCIPAL SUBSIDIARIES – *continued*

Name of subsidiary	Place and date of incorporation and form of legal entity	Principal activities and place of operation	Particulars of issued or registered share capital (RMB'000)	Ownership interest held by the Group As at December 31, 2024	2023
Hefei Youbao Trading Co., Ltd. (合肥友寶商貿有限公司)	The PRC, August 3, 2012, limited liability company	Operation of unmanned retail and wholesale business in the PRC	1,000	**100.0%**	100.0%
Xiamen Qianyan Technology Development Co., Ltd. (廈門市前沿科技開發有限公司)	The PRC, April 10, 1998, limited liability company	Software development and sales of unmanned retail machine in the PRC	30,000	**100.0%**	100.0%
Xiamen ViewSonic Arena Entertainment Co., Ltd. ("Xiamen ViewSonic Arena", 廈門優派巨蛋娛樂有限公司) *(b)*	The PRC, July 14, 2015, limited liability company	Operation of singing machine in the PRC	30,000	**N/A**	100.0%
Shenzhen Yousuan Technology Co., Ltd. (深圳友算科技有限公司)	The PRC, June 13, 2016, limited liability company	Operation of unmanned retail and wholesale business in the PRC	10,000	**100.0%**	100.0%
Shenzhen Youka Technology Co., Ltd. (深圳市友咖科技有限公司)	The PRC, February 15, 2017, limited liability company	Software development and technical services in the PRC	9,867	**70.3%**	70.3%
You Coffee Technology (Beijing) Co., Ltd. (友咖啡科技(北京)有限公司)	The PRC, July 18, 2017, limited liability company	Software development and technical services in the PRC	1,000	**70.3%**	70.3%
Shenzhen Youbaohui Advertising Media Co., Ltd. ("Shenzhen Youbaohui", 深圳友寶惠廣告傳媒有限公司) *(c)*	The PRC, June 13, 2016, limited liability company	Provision of advertising services in the PRC	20,000	**N/A**	70.0%
Shenzhen Youfu (深圳友富同享商貿有限公司)	The PRC, July 19, 2021, limited liability company	Operation of unmanned retail and wholesale business in the PRC	5,000	**51.0%**	51.0%

37 PARTICULARS OF PRINCIPAL SUBSIDIARIES – *continued*

Name of subsidiary	Place and date of incorporation and form of legal entity	Principal activities and place of operation	Particulars of issued or registered share capital (RMB'000)	Ownership interest held by the Group As at December 31, 2024	2023
Foshan Youhemei Technology Co., Ltd. ("Foshan Youhemei", 佛山市友和美科技有限公司) *(c)*	The PRC, October 11, 2021, limited liability company	Software development and technical services in the PRC	2,000	**N/A**	51.0%
Shenzhen Youbao Innovation Technology Co., Ltd. (深圳友寶創新技術有限公司)	The PRC, November 12, 2021, limited liability company	Software development and technical services in the PRC	10,000	**100.0%**	100.0%
Shenzhen Youbao Online Technology Co., Ltd. ("Youbao Online", 深圳市優寶在線科技有限公司) *(d)*	The PRC, December 8, 2017, limited liability company	Operation of selling mobile device in the PRC	5,000	**35.0%**	35.0%
Shenzhen Youye Technology Co., Ltd. ("Youye", 深圳友椰科技有限公司) *(d)*	The PRC, June 8, 2017, limited liability company	Software development and technical services in the PRC	10,000	**30.0%**	30.0%

* English names are translated for identification purpose only.

37 PARTICULARS OF PRINCIPAL SUBSIDIARIES – *continued*

(a) All companies comprising the Group have adopted December 31 as their financial year end date.

(b) In December 2024, Xiamen ViewSonic Arena was deregistered.

(c) The 70% equity interests in Shenzhen Youbaohui and the 51% equity interests in Foshan Youhemei was disposed by the Group in June 2024 and October 2024, respectively.

(d) For Youbao Online and Youye with equity interest below 50%, as according to the shareholders agreements of Youbao Online and Youye, the Group has the rights to variable returns from its involvement, and has the ability to affect those returns through its majority voting rights at the meetings of the shareholder and board of directors of Youbao Online and Youye and the power to determine the budget, pricing and promotion strategies of these companies. The Group thus has control over these subsidiaries.

(e) The directors of the Company consider that none of the non-controlling interests of the individual subsidiaries were significant to the Group and thus the individual financial information of these subsidiaries is not disclosed.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

38.1 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (see Note 38.2).

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive loss, statement of changes in equity and statement of financial position respectively.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.1 Principles of consolidation and equity accounting – *continued*

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method (see Note 38.1), after initially being recognized at cost.

(c) Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method (see Note 38.1), after initially being recognized at cost in the consolidated statements of financial position.

(d) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 38.8.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.1 Principles of consolidation and equity accounting – *continued*

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

38.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividends exceed the total comprehensive income of the subsidiaries in the period the dividends are declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to 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 Group.

38.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is RMB. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group has determined RMB as its presentation currency and presented its Historical Financial Information in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive loss, within finance costs. All other foreign exchange gains and losses impacting profit or loss are presented in the consolidated statement of comprehensive loss within "other losses, net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss ("FVPL"), are recognized in the consolidated statements of financial position as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as financial assets at fair value through other comprehensive income ("FVOCI"), are included in other comprehensive income ("OCI").

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.4 Foreign currency translation – *continued*

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

38.5 Property and equipment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 38.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in "other losses, net" in the consolidated statement of comprehensive loss.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.6 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

(b) Research and development expenditures

Research and development expenditures that do not meet the criteria for capitalization as set out in Note 17 above are recognized as expenses as incurred. Development costs previously recognized as expenses are not recognized as assets in subsequent period.

38.7 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.8 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.8 Investments and other financial assets – *continued*

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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

Debt instruments

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

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "other losses, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "other losses, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other losses, net" and impairment expenses are presented as separate line item in the consolidated statement of comprehensive loss.

- FVPL: Assets that do not meet the criteria for amortized cost or financial assets at FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within "other losses, net" in the period in which it arises.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.8 Investments and other financial assets – *continued*

(c) Measurement – *continued*

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as "other income" when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in "other losses, net" in the consolidated statement of comprehensive loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 3.1 for further details.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when the Group currently has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

38.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less applicable selling expenses.

38.11 Trade and other receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 22 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

38.12 Cash and cash equivalents and restricted cash

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheets, and is not included in the total cash and cash equivalents in the consolidated statements of cash flows.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.13 Share capital and shares held for employee share scheme

Ordinary shares are classified as equity (Note 24).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are canceled.

38.14 Trade and other payables

These amounts represent liabilities for products and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

38.15 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

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

38.16 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred income tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred income tax is recognized in profit or loss, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI or directly in equity, respectively.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.18 Employee benefits

(a) Pension obligations

The Group contributes on a monthly basis to various defined contribution plans organized by the relevant governmental authorities. The Group's liability in respect of these plans is limited to the contributions payable in each period. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separated from those of the Group.

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

38.19 Share-based benefits

Share-based compensation benefits are provided to employees via the employee share option plan. Information relating to the scheme is set out in Note 26. The fair value of the employee service received in exchange for the grant of equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (e.g., the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.20 Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when: the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

38.21 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.22 Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognized as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognized in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

38.23 Leases

(a) The Group as lessor under operating leases

Lease income from operating leases where the Group is a lessor is recognized as income on a straight-line basis over the lease term (Note 16). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

(b) The Group as lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES – *continued*

38.23 Leases – *continued*

(b) The Group as lessee – *continued*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Entity-specific details about the Group's leasing policy are provided in Note 16(c).

38.24 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

38.25 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).