Lesi Group Limited
樂思集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2540

2024
ANNUAL REPORT

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Zhao Libing *(Chairman of the Board)*
Mr. Yu Canliang *(Chief executive officer)*
Ms. Shu Qing
Mr. Nie Jiang

NON-EXECUTIVE DIRECTOR

Ms. Chang Qing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lu Yao
Ms. Zheng Hong
Mr. Hu Hui

JOINT COMPANY SECRETARIES

Mr. Lee Cheuk Wang
Mr. Nie Jiang

AUDIT COMMITTEE

Mr. Hu Hui *(Chairman)*
Mr. Lu Yao
Ms. Zheng Hong

REMUNERATION COMMITTEE

Mr. Lu Yao *(Chairman)*
Mr. Hu Hui
Ms. Zheng Hong

NOMINATION COMMITTEE

Mr. Zhao Libing *(Chairman)*
Mr. Lu Yao
Ms. Zheng Hong
Mr. Hu Hui

AUTHORISED REPRESENTATIVES

Mr. Lee Cheuk Wang
Mr. Nie Jiang

AUDITORS

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
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HONG KONG LEGAL ADVISERS

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1 Connaught Place, Central
Hong Kong

COMPLIANCE ADVISOR

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HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Chaoyang District
Beijing, PRC

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

2206–19 Jardine House
1 Connaught Place, Central
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PRINCIPAL BANKERS

Beijing Bank
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Haidian District
Beijing, PRC

China Merchants Bank
Wangjing Branch
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Beijing, PRC

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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Hong Kong

STOCK CODE

2540

COMPANY WEBSITE

www.lscx.com.cn

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Year-on-year
	2024	2023	Change
	RMB'000	RMB'000	
Revenue	**681,511**	628,026	8.5%
Gross profit	**101,438**	103,998	(2.5%)
Profit before income tax	**75,514**	68,415	10.4%
Profit for the year attributable to equity shareholders of the Company	**72,489**	65,231	11.1%

Key Financial Ratios

	As at/For the year ended 31 December	
	2024	2023
	(%)	(%)
Profitability ratios		
Gross margin [(1)]	**14.9**	16.6
Net profit margin [(2)]	**10.7**	10.5
Return on equity [(3)]	**12.0**	15.5
Return on total assets [(4)]	**9.0**	11.3

	2024	2023
Liquidity ratio		
Current ratio [(5)]	**4.0 times**	3.7 times
Capital adequacy ratio		
Gearing ratio [(6)]	**6.5%**	13.6%

Notes:

(1) Gross margin is calculated based on gross profit for the year divided by revenue for the respective year and multiplied by 100%.

(2) Net profit margin is calculated based on the net profit divided by revenue for the respective year and multiplied by 100%.

(3) Return on equity is calculated by the net profit for the year divided by the shareholders' equity as at the respective year end and multiplied by 100%.

(4) Return on total assets is calculated by the net profit for the year divided by the total assets as at the respective year end and multiplied by 100%.

(5) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective year end.

(6) Gearing ratio is calculated based on the total debt divided by the total equity as at the respective year end and multiplied by 100%. For the purpose of this calculation, total debt includes bank and other loans and lease liabilities.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I, on behalf of the board (the "Board") of directors (the "Director(s)") of Lesi Group Limited (the "Company"), hereby present the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024.

RESULTS

For the year ended 31 December 2024, our Group recorded a revenue of approximately RMB681.5 million, representing a year-on-year growth of 8.5% from approximately RMB628.0 million for the year ended 31 December 2023. Our net profit increased to approximately RMB73.2 million for the year ended 31 December 2024 from approximately RMB65.9 million for the year ended 31 December 2023. Our basic earnings per share for the year ended 31 December 2024 was approximately RMB0.15 as compared to approximately RMB0.17 for the year ended 31 December 2023. For the year ended 31 December 2024, we served 219 customers from various industries, covering technology and internet services, financial services and gaming industries in the People's Republic of China ("PRC").

The year of 2024 is the first financial year of our Group since our listing. Our Group has adopted a prudent financial management approach towards its treasury policies to ensure healthy and safe key financial indicators.

2024 BUSINESS REVIEW

As the macro-economy gradually rebounded and the consumer market showed a structural recovery in 2024, we ensured that the Group's business achieved high-quality development through refined management, and that the Company's revenue and profitability both achieved steady growth. As the permeability and total usage hours of large media platforms continue to rise, new business development opportunities continue to emerge from the content ecosystems of short videos, interest-based e-commerce, and social platforms. The Group keeps abreast of the latest market trends and changes to develop comprehensive marketing solutions for its clients. Moreover, the Company actively applies the ever-maturing generative artificial intelligence ("AI") technology in our content production process, integrating it into the generation and production process of our advertisement texts, images, videos and other materials, so as to enhance our content production capacity and delivery optimization efficiency.

The Group keeps abreast of the latest market development trends, focuses its core resources on its ability to provide comprehensive marketing services to high-quality customers, and provides close business services around high-growth industries and key customers. Concentrating our resources on developing and expanding our ability to provide value-added services to customers, we enhance our competitiveness in the mobile advertising market, and focus on building the Company's ability to generate high-quality content, including text, images and short videos, to enhance the marketing effectiveness of advertising campaigns. Our total billings increased by approximately 5.3% from approximately RMB950.5 million as of 31 December 2023 to approximately RMB1,000.5 million as of 30 December 2024, and our total revenues increased from approximately RMB628.0 million as of the end of 2023 to approximately RMB681.5 million as of the end of 2024. At the same time, as of 31 December 2024, we have established business relationships with five prominent technology media publishers that allow us to distribute mobile advertising directly across 32 media platforms operated by these media publishers. These media platforms include leading short video platforms, search engine platforms, news and information content platforms, mobile browsers, app stores and social media platforms in the PRC. With our extensive ad distribution network, we are able to deliver mobile advertisements to a wide range of mobile users with diverse interests in marketing our clients' brands, products and services.

2025 OUTLOOK

In 2025, the Company will capitalise on new opportunities in the industry and move into a new phase of business development. The Company will develop business resources with digital media in a more proactive manner and further expand our mobile ad distribution network to enhance our competitiveness in the industry, including stable and high-traffic media platforms in the industry, as well as fast-growing specific user interest marketing platforms with strong growth potential. The Company will also closely follow the changes in market demand, further expand our customer sales network, actively broaden our customer base in the fast-growing field of mobile advertising, and strengthen the depth of business cooperation with our customers.

The Company will apply AI technology in a robust but proactive manner, applying commercially viable AI technology in the digital marketing business to drive efficiency improvements across the entire marketing chain, from content material production to delivery optimization. We will actively test new technologies in the short video production workflow and integrate them into mainstream AI generation platforms both domestically and internationally. We conduct business tests in AI-driven content generation, including creativity, scripting, text, images and short videos. Going forward, we will continue to focus on and enhance our AI-generated content, utilise AI technology to enhance our short video production process, and will explore business opportunities in this area in a flexible manner. The Company will also continue to explore opportunities and apply technology into our business, including continuous upgrading of our own business platform to better design and develop more effective mobile advertising solutions.

We further propose to seek opportunities to cooperate with or invest in well-established companies which will enhance our overall technological capability and create synergies with our existing business and can strengthen our solutions services and capacities which will enable us to create ad contents tailored to our target mobile users in specific local and/or overseas markets, such as marketing companies engaging in the provision of live streaming contents on the e-commerce platforms, with an established customer base, and marketing companies engaging in the provision of post advertising services for sale of products on overseas media platforms. We believe that our strengthened service capabilities in key overseas markets and selected regions in the PRC will enable us to grow and expand our customer base and our network for distribution of mobile ads and we will be better equipped for future competition.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our gratitude to all shareholders, business partners and customers for their ongoing support and trust to our Group, as well as to our Board members, management team and staff for their dedication and contributions over the year. In 2025, we will continue to expand our business in order to create greater value for our shareholders.

Zhao Libing
Chairman of the Board and Executive Director

Hong Kong, 17 April 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

In 2024, the macroeconomy is gradually recovering, and the consumer market showed signs of structural recovery. We ensure high-quality development of the group's business through refined management and ensure steady growth in both the group's revenue and profitability. Although the growth rate of the number of internet users in the PRC has slowed down in recent years, the overall internet penetration level in the PRC is high and is expected to further improve in the future. According to China Internet Network Information Center ("CNNIC"), as at the end of the year 2024, the number of internet users in the PRC was approximately 1,108 million, the number of mobile internet users was approximately 1,105 million and the penetration rate of mobile internet users to internet users was approximately 99.7%. As people rely more and more on smart phones and other smart devices, the penetration rate of mobile internet has been gradually increasing, nearly close to 100.0%. In addition, the use of resources on mobile apps permeates all aspects of daily life and mobile apps become important platforms for mobile online marketing.

We closely follow the latest market development trends, focusing its core resources on enhancing the ability to provide comprehensive marketing services to high-quality customers. We provide close business services around rapidly growing industries and key customers. By concentrating resources on developing and expanding our ability to offer value-added services to clients, we aim to strengthen our competitiveness in the mobile advertising market. We also focus on building the company's ability to generate high-quality content, including text, images, and short videos, to improve the marketing effectiveness of advertising campaigns. Our total gross billing increased by approximately 5.3% from approximately RMB950.5 million for the year ended 31 December 2023 to approximately RMB1,000.5 million for the year ended 31 December 2024 and our total revenue increased by approximately 8.5% from approximately RMB628.0 million for the year ended 31 December 2023 to approximately RMB681.5 million for the year ended 31 December 2024. For the year ended 31 December 2024, we are a distributor of five media publishers, which are prominent technology companies in the PRC, and we can distribute mobile ads directly on 32 media platforms operated by them. These media platforms include leading short video platforms, search engine platforms, news and information content platforms, mobile browsers, app stores, and social media platforms. With a wide advertising distribution network, we could deliver mobile ads to a wide range of mobile users with different interests to market our customers' brands, products, and services.

Mobile advertising solutions services

The Group provides comprehensive mobile advertising services to our customers for marketing of their brands, products and/or services on media platforms operated by our media partners. Our services include mobile marketing planning, traffic acquisition, production of ad creatives, ad placements, ad optimisation, ad campaign management and ad distribution. We aim at optimising mobile ads' publicity and maximising their exposure to target mobile users to achieve our customers' marketing goals and improve their return on investment.

We believe that a network for ad distribution is crucial to our continuous growth in the mobile advertising industry. Thus, we are committed to developing and establishing solid business relationship with reputable media partners to ensure a smooth and consistent supply of advertising space for our placement of mobile ads. Our media partners include media publishers (being operators of media platforms) and media agents of other media publishers. As at 31 December 2024, we have established business relationship with five media publishers, which are prominent technology companies in the PRC, and we can distribute mobile ads directly on 32 media platforms operated by these media publishers. These media platforms include leading short video platforms, search engine platforms, news and information contents platforms, mobile browsers, app stores and social media platforms. With an extensive network for ad distribution, we can place mobile ads for marketing of brands, products and services of our customers to a wide spectrum of mobile users with different interests.

For the year ended 31 December 2024, we served 219 customers from various industries, covering technology and internet services, financial services and gaming industries in the PRC. Our revenue generated from mobile advertising solutions services increased by approximately 9.1% from approximately RMB602.1 million for the year ended 31 December 2023 to approximately RMB656.7 million for the year ended 31 December 2024. Revenue generated from mobile advertising solutions services accounted for approximately 96.4% of our total revenue for the year ended 31 December 2024.

Advertisement distribution services

Our advertisement distribution services include acquisition of advertising space and ad distribution, being standalone services. We purchase advertising space from our media partners for our customers. It involves the practice of arbitrage where we purchase advertising space and sell them to our customers. We are committed to providing advertising space to our customers to maximise their exposure to target mobile users such that they can achieve marketing goals and improve performance.

Our revenue generated from advertisement distribution services decreased slightly by approximately 4.1% from approximately RMB25.9 million for the year ended 31 December 2023 to approximately RMB24.9 million for the year ended 31 December 2024.

Competitive strengths and strategies

We seek to leverage on our competitive strengths to enhance our market position and further expand our business. We believe that the following competitive strengths and strategies contribute to our growth and differentiate us from our competitors.

- *Maintain established relationship with top media partners operating leading media platforms in the PRC*

  According to the research report conducted by Shanghai iResearch Co., Ltd., a market research and consulting company in the PRC, media resources are essential to mobile advertising service providers as one of the key competitive factors of mobile advertising service providers in the PRC. For the year ended 31 December 2024, we are a distributor of five media publishers, which are prominent technology companies in the PRC, and we can distribute mobile ads directly on 32 media platforms operated by them. We possess such media resources and will continue to expand our media resources to maintain and enhance our competitiveness in the industry. These media platforms provide different contents to attract mobile users with diverse habits and preferences. Our business strategy is to develop and maintain an extensive network for distribution of mobile ads on a balanced mixture of media platforms with different contents and nature, whereby mobile ads can be placed on media platforms commonly used by mobile users with stable and large traffic as well as media platforms used by mobile users with specific common interests with relatively positive growth potential, whilst we may also collect and analyse proprietary statistics of different mobile users on such media platforms, thereby enabling us to customise our mobile advertising solutions for our customers to better meet their advertising needs and increase our business profitability.

- *Continue to expand our short video production capacities*

  After over 20 years of rapid development, the internet advertising market in the PRC underwent structural adjustments due to multiple macroeconomic factors, we offer mobile advertising solutions services to our customers with a focus on in-feed advertising. Over the years of our operation, we have accumulated extensive experience in the provision of mobile advertising services and understanding marketing needs of customers from different industries. With our in-house video production capacities, our Group can provide mobile advertising solutions services to our customers, from project planning, idea generation, scripts writing, video filming and editing, post-production of video to distribution to mobile ads in video format on media platforms, subject to our customers' needs and budget plans. The offer of video production enriches our service offerings and enables our customers to outsource the whole marketing campaign to us, and thereby increase their reliance on our Group and enhance our profitability. Our inhouse production capacities have contributed to the growth of our business and we will continue to closely monitor our customers' needs and demands and, to our best effort, increase our service offerings to meet market demand and expand our customer base. We also actively explore the practical application of various new technologies, including artificial intelligence ("AI") generative technology, in short video production. Although we are a relatively small market player in the mobile advertising industry which is fragmented and competitive, we focus our resources to expand our production capacities and enhance our value-added services so as to differentiate ourselves from our competitors. We also put significant effort to understand the products and brands of our customers and the habits of mobile users when we develop and create mobile ads so that our mobile ads can achieve marketing goals of our customers efficiently. Leveraging on our content production capacities, we can establish business relationship with top media publishers and can successfully expand our network for ad distribution.

- *Enhance and upgrade the functions of our self-developed platform*

  To adapt to the challenging times, we are constantly optimising our cost structure and improving our operational efficiency. Our self-developed platform has integrated applications for our internal use as our enterprise resource planning system to manage and operate our business systematically. The major features of our platform cover accounting and financial management, operation and order management, data management and customer information management. Through this platform, we can integrate performance data of our mobile ads from our media partners, analyse performance data for optimising overall results of mobile ads, review and oversee status of customers' orders and record our operating data and financial data. It also assists us in the management of resources for our production of mobile ads. We plan to upgrade our existing platform by expanding its functions so that the system can automate the collection of traffic usage data and behaviour data of mobile users from media platforms operated by our media publishers. We can then analyse various data for our internal use to formulate mobile advertising solutions in a timely manner. We intend to include algorithm capacities to our platform so that it can process various data, such as performance data and behaviour data, to enhance the accuracy of market analysis and to keep us abreast of the latest market trends and developments. Through this platform, we can design and formulate more effective mobile advertising solutions to better serve our customers and achieve advertising goals.

- *Exploration of business collaboration and merger and acquisition opportunities with well-established companies*

  We plan to explore business opportunities to cooperate with media platforms with a focus on cross-border e-commerce markets. Such opportunities would enhance our overall technological capability and create synergies with our existing business and can strengthen our solutions services and capacities which will enable us to create ad contents tailored to our target mobile users in specific local and/or overseas markets, such as marketing companies engaging in the provision of live streaming contents on the e-commerce platforms, with an established customer base, and marketing companies engaging in the provision of post advertising services for sale of products on overseas media platforms. We believe that our strengthened service capabilities in key overseas markets and selected regions in the PRC will enable us to grow and expand our customer base and our network for distribution of mobile ads and we will be better equipped for future competition.

FINANCIAL REVIEW

The following table sets forth the audited consolidated financial results of the Group for the year ended 31 December 2024, together with the audited comparative figures for the year ended 31 December 2023.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue	**681,511**	628,026
Cost of services	**(580,073)**	(524,028)
Gross profit	**101,438**	103,998
Other net income	**4,582**	1,569
Selling and marketing expenses	**(3,102)**	(3,354)
General and administrative expenses	**(27,146)**	(29,020)
Impairment losses on trade and other receivables	**2,505**	(2,533)
Profit from operations	**78,277**	70,660
Finance costs	**(2,763)**	(2,245)
Profit before taxation	**75,514**	68,415
Income tax	**(2,303)**	(2,508)
Profit for the year	**73,211**	65,907

Revenue

Revenue of the Group increased by approximately RMB53.5 million or 8.5%, from approximately RMB628.0 million for the year ended 31 December 2023 to approximately RMB681.5 million for the year ended 31 December 2024. This increase was mainly due to the increase in demand for our mobile advertising solutions services from our customers.

A breakdown of the revenue of the Group for the years indicated are set forth in the table below:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Mobile advertising solutions services (gross method)	**656,652**	602,109
Advertisement distribution services (net method)	**24,859**	25,917
	681,511	628,026

Revenue generated from mobile advertising solutions services

Revenue generated from mobile advertising solutions services increased by approximately RMB54.5 million or 9.1%, from approximately RMB602.1 million for the year ended 31 December 2023 to approximately RMB656.7 million for the year ended 31 December 2024. This increase was due to the increase in demand from customers under the enhanced marketing efforts of the Group.

Revenue generated from advertisement distribution services

Revenue generated from advertisement distribution services decreased slightly by approximately RMB1.0 million or 4.1%, from approximately RMB25.9 million for the year ended 31 December 2023 to approximately RMB24.9 million for the year ended 31 December 2024. Such decrease was mainly attributable to the migration of some customers from the advertisement distribution services to mobile advertising solutions services due to the change of marketing strategy of these customers.

Cost of services

Cost of services of the Group primarily consists of traffic acquisition costs, employee benefit expenses and video production costs. The cost of services increased by approximately RMB56.0 million or 10.7%, from approximately RMB524.0 million for the year ended 31 December 2023 to approximately RMB580.1 million for the year ended 31 December 2024. Such increase was mainly due to the decrease in rebates from certain media partners as the rebate policies of media partners of the Group may vary from time to time subject to their business plan and needs.

Gross profit and gross profit margin

Gross profit of the Group decreased by approximately RMB2.6 million or 2.5%, from approximately RMB104.0 million for the year ended 31 December 2023 to approximately RMB101.4 million for the year ended 31 December 2024, which was mainly due to the decrease in gross profit generated from provision of mobile advertising solutions services. The gross profit margin decreased from approximately 16.6% for the year ended 31 December 2023 to approximately 14.9% for the year ended 31 December 2024 mainly due to the decrease in rebates from media partners for placement of mobile ads with them and the change of rebate policies of media partners of the Group as their business plans may vary from time to time.

Other net income

Other net income of the Group primarily consists of interest income, additional deductible value-added tax ("VAT") and others. The other net income increased significantly by approximately RMB3.0 million or 192.0%, from approximately RMB1.6 million for the year ended 31 December 2023 to approximately RMB4.6 million for the year ended 31 December 2024 mainly due to the increase in interest income and government subsidies partially offset the decrease in additional deductible VAT.

Selling and marketing expenses

Selling and marketing expenses of the Group primarily consists of employee benefit expenses, entertainment expenses, travelling expenses and others. The selling and marketing expenses slightly decreased by approximately RMB0.3 million or 7.5%, from approximately RMB3.4 million for the year ended 31 December 2023 to approximately RMB3.1 million for the year ended 31 December 2024 mainly due to the decrease in employee benefit expenses resulted from the reduction of personnel for sales and marketing team.

General and administrative expenses

General and administrative expenses of the Group mainly consists of professional fees, research and development expenses, employee benefit expenses, depreciation, short-term rental, property utilities expenses, office expenses and others. The general and administrative expenses decreased by approximately RMB1.9 million or 6.5%, from approximately RMB29.0 million for the year ended 31 December 2023 to approximately RMB27.1 million for the year ended 31 December 2024. Such decrease was primarily attributed to the decrease in professional fees.

Impairment losses on trade and other receivables

Impairment losses on trade and other receivables of the Group consists of provision for impairment losses on trade and other receivables. The impairment losses on trade receivables and other receivables decreased by approximately RMB5.0 million or 198.9%, from approximately RMB2.5 million for the year ended 31 December 2023 to approximately RMB2.5 million reversal for the year ended 31 December 2024. This decrease was mainly due to the decrease in aged trade and other receivables.

Finance costs

Finance costs of the Group consists of interest expense and interest on lease liabilities. The finance costs increased by approximately RMB0.5 million or 23.1%, from approximately RMB2.2 million for the year ended 31 December 2023 to approximately RMB2.8 million for the year ended 31 December 2024, primarily attributable to the increase in proceeds from bank and other loans and higher interest rate in current year end.

Income tax

The Group is exempted from Cayman Islands income tax. No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to the Hong Kong profits tax during the year ended 31 December 2024. The income tax expense was primarily attributable to the PRC Enterprise Income Tax. The income tax decreased by approximately RMB0.2 million or 8.2%, from approximately RMB2.5 million for the year ended 31 December 2023 to approximately RMB2.3 million for the year ended 31 December 2024. The effective tax rate were approximately 3.7% and 3.0% for the years ended 31 December 2023 and 2024 respectively. The low effective tax rates were primarily because some of the subsidiaries of the Group in the PRC were entitled to a tax-free period during the years concerned and a subsidiary of the Group in the PRC is recognised as a high-tech enterprise and enjoyed a preferential tax rate of 15% for the years ended 31 December 2024 and 2023.

Profit for the year

As a result of the foregoing, the profit for the year of the Group increased by approximately RMB7.3 million or 11.1%, from approximately RMB65.9 million for the year ended 31 December 2023 to approximately RMB73.2 million for the year ended 31 December 2024. Net profit margin of the Group increased from approximately 10.5% for the year ended 31 December 2023 to approximately 10.7% for the year ended 31 December 2024 and such increase was generally in line with (i) the decrease in general and administration expenses, (ii) the reversal of impairment losses on trade and other receivables, (iii) the decrease in rebates from certain media partners and (iv) the increase in government grants.

Liquidity and capital resources

The business operations and expansion plans of the Group require a significant amount of capital for purchasing of advertising space from media partners, enhancing our content production capabilities, labour cost and other recurring expenses to support the expansion of our operations.

During the year ended 31 December 2024, the Group principally financed our working capital and other liquidity requirements mainly through a combination of cash generated from our operating activities, and bank and other loans and IPO proceeds. As at 31 December 2024, the Group had bank borrowings of approximately RMB36.7 million (2023: approximately RMB57.5 million) while the effective annual weighted interest rates of the bank and other loans were approximately 5.5% (2023: 3.7%) per annum for the year ended 31 December 2024. All of such bank borrowings are denominated in RMB and repayable on demand or within one year. As at 31 December 2024, there was no bank loan (2023: RMB10 million) with variable interest rate while the rest of the borrowings were with fixed interest rate. Fluctuation of interest rate will not have significant impact to the Group. The gearing ratio of the Group as at 31 December 2024, calculated based on total borrowings (including bank and other loans and lease liabilities) divided by total equity, was approximately 6.5% (2023: 13.6%).

The cash and cash equivalents of the Group increased significantly from approximately RMB76.8 million as at 31 December 2023 to approximately RMB149.4 million as at 31 December 2024, mainly due to the increased net proceeds from IPO proceeds. The Group's cash and bank balances are mainly denominated in RMB or HK$. We generally deposit our excess cash in interest bearing bank accounts. Our principal uses of cash have been for funding working capital, purchase of property, plant and equipment and other recurring expenses to support the expansion of our operations. Going forward, we believe our liquidity requirements will be satisfied by using fund from a combination of internally generated cash, external borrowings, other funds raised from the capital markets from time to time and IPO proceeds.

We regularly monitor our liquidity requirements to ensure that we maintain sufficient cash resources for working capital and capital expenditure needs. For the year ended 31 December 2024, we did not experience any difficulties in settling our obligations in the normal course of business, which would have had a material impact to our business, financial condition or results of operations.

Capital expenditures

The capital expenditures of the Group are mainly consisted of expenditures on property, plant and equipment and right-of-use assets. The Group did not have any material capital commitments as at 31 December 2023 and 2024.

Contingent liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

Foreign exchange exposures

Foreign exchange risk refers to the risk of loss caused by the changes in foreign exchange rates. The operations of the Group are mainly located in the PRC with most transactions denominated and settled in Renminbi.

During the year ended 31 December 2024, no financial instrument was used for hedging purposes, and we did not commit to any financial instruments to hedge our exposure to foreign exchange risk, as the expected foreign exchange risk is not significant. The Directors and senior management of the Company will continue to closely monitor the foreign exchange exposure and take measures when necessary to ensure that the foreign exchange risk is within the controllable range.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the year ended 31 December 2024, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

SIGNIFICANT INVESTMENT HELD

As at 31 December 2024, the Group did not hold any significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2024, save as disclosed in this report, the Group did not have any other immediate plans for material investments and capital assets.

EMPLOYEES

As at 31 December 2024, the Group had 150 full-time employees (2023: 118), all of whom were based in the PRC. Total staff costs were approximately RMB22.3 million (2023: RMB22.2 million). As required under PRC regulations, the Group participates in various employee social security plans that are organised by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans.

CHARGE ON ASSETS AND PLEDGE OF ASSETS

As at 31 December 2024, the Group did not have any charges on assets (31 December 2023: nil) nor any of assets of the Group was pledged (31 December 2023: nil).

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhao Libing (趙利兵) ("Mr. Zhao"), aged 42, is the chairman of the Board, an executive Director and the chairman of the nomination committee of the Company (the "Nomination Committee"). He joined our Group on 1 March 2016. And, Mr. Zhao is the director of 4 subsidiaries of the Company. He is responsible for the overall strategic planning and major business decisions of our Group and supervising the operational efficiency of the management system.

Mr. Zhao has more than 15 years of experience in sales and marketing in the technology and internet industries. Prior to joining our Group, from March 2009 to February 2016, Mr. Zhao worked at UC Mobile Ltd. * (優視科技有限公司),which is an indirect wholly-owned subsidiary of Alibaba Group Holding Limited (the shares of which are listed on the New York Stock Exchange (stock code: BABA) and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 9988) and is primarily engaged in the provision of mobile internet software and services including mobile browser), and his last position held was sales expert and senior manager, being responsible for providing sales and marketing services. From May 2007 to February 2009, he worked in an information services company, which is primarily engaged in the provision of technical development, transfer and consultation services. From October 2006 to April 2007, he worked in an outsourced call centre, which is primarily engaged in the provision of business process outsourcing services to corporate clients by establishing and operating call centres and data entry centres.

Mr. Zhao received a bachelor's degree in Communication Engineering from Beijing Jiaotong University (北京交通大學) in July 2006 through distance learning. Mr. Zhao also received an Executive Master's Degree in Business Administration (EMBA) (高級管理人員工商管理碩士) from Tsinghua University (清華大學) in June 2023.

As at the date of this report, Mr. Zhao was deemed to be interested in 356,250,000 shares of the Company, representing approximately 71.25% of the shares of the Company in issue, by virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and held 5,777 shares in Ka Lok Holdings Limited ("Ka Lok BVI"), an associated corporation of the Company.

Mr. Yu Canliang (余燦良) ("Mr. Yu"), aged 45, is an executive Director and the chief executive officer of our Company. He joined our Group on 1 September 2015. And, Mr. Yu is the director of 1 subsidiary of the Company. He is responsible for the daily operation and general management of the business of our Group and assisting in strategic planning and major decisions of our Group. He is the spouse of Ms. Shu Qing.

Mr. Yu has approximately 20 years of experience in sales and marketing in the technology and internet industries. Prior to joining our Group, he worked as a deputy general manager and a supervisor at Beijing Maodou Technology Co., Ltd.* (北京毛豆科技有限公司), which is primarily engaged in the provision of 3D printing services, between November 2014 and August 2015, and he was responsible for online sales and marketing services. As at the Latest Practicable Date, Mr. Yu remains as a shareholder and supervisor of Beijing Maodou Technology Co., Ltd.* (北京毛豆科技有限公司). From July 2010 to November 2014 and from September 2010 to April 2014, he was respectively a deputy general manager and a supervisor of Beijing Xingyan Boshang Technology Ltd.* (北京行言柏尚科技有限公司) currently listed on the NEEQ of the Shenzhen Stock Exchange, stock code: 870195, and known as Beijing Xingyan Boshang Technology Co., Ltd.* (北京行言柏尚科技股份有限公司)), which is primarily engaged in comprehensive internet services including big data services for corporate customers, mobile internet advertising services and user experience design services, and he was responsible for channel sales. Between June 2004 and March 2010, he worked for Beijing Palm Vision Digital Information Technology Co., Ltd.* (北京掌訊遠景數碼信息技術有限公司), which is primarily engaged in the provision of technical development and consultation services, and his last position was sales director, and he was responsible for providing sales and marketing services. From October 2002 to February 2004, he worked in a mobile internet solutions services provider, which is primarily engaged in the provision of communication system integration services.

Mr. Yu received a bachelor's degree in Laws from Beihang University (北京航空航天大學) in September 2017 through distance learning. He also received a bachelor's degree in Computer Technology and Application (計算機技術與應用) from Tsinghua University (清華大學) in March 2007 through distance learning. Mr. Yu received a diploma in Computer Application from Hunan Radio and TV University (湖南廣播電視大學) in June 2000.

As at the date of this report, Mr. Yu was deemed to be interested in 356,250,000 shares of the Company, representing approximately 71.25% of the shares of the Company in issue, by virtue of the SFO and held 3,555 shares in Ka Lok BVI.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Nie Jiang (聶江) ("Mr. Nie"), aged 42, is an executive Director, the chief operating officer and the joint company secretary of our Company. He joined our Group on 1 November 2016. And, Mr. Nie is the director of 2 subsidiaries of the Company. He is responsible for the overall operational management and overseeing administration, compliance and sales and marketing for our Group. He is in charge of our daily operation, including our company secretarial and corporate compliance affairs. He has led the administration and legal team of our Group in overseeing our legal and compliance matters since November 2016.

Mr. Nie has more than 15 years of experience in business management and development in the media and technology industries. Prior to joining our Group, from June 2010 to November 2016, he was an operations deputy director of Beijing Tianying Jiuzhou Network Technology Co., Ltd.* (北京天盈九州網絡技術有限公司), which is a media company providing premium content on an integrated internet platform in China and a subsidiary of Phoenix New Media Limited (鳳凰新媒體有限公司) (the shares of which are listed on the New York Stock Exchange (stock code: FENG)), and he was responsible for sales and marketing growth. From December 2009 to May 2010, he worked at Beijing Rising Information Technology Co., Ltd.* (北京瑞星信息技術股份有限公司) (formerly listed on the NEEQ of the Shenzhen Stock Exchange, stock code: 836598, and currently known as Beijing Rising Network Security Technology Co., Ltd.* (北京瑞星網安技術股份有限公司)), which is primarily engaged in the provision of information security services, and was mainly responsible for providing platform development services. From April 2007 to December 2009, he was a technical support engineer of Beijing Rising International Software Co., Ltd.* (北京瑞星國際軟件有限公司), which is primarily engaged in the provision of computer software development and consultation services.

Mr. Nie received a diploma in Computer Networking Technology (計算機網絡技術學) from Hebei Normal University (河北師範大學) in June 2002. Mr. Nie obtained the qualification of secretary of board by the Shenzhen Stock Exchange in December 2021.

As at the date of this report, Mr. Nie held 1 share in Ka Lok BVI.

Ms. Shu Qing (舒清) ("Ms. Shu"), aged 46, is an executive Director and the chief financial officer of our Company. She joined our Group on 9 January 2009. And, Ms. Shu is the director of 1 subsidiary of the Company. She is responsible for the comprehensive financial management and supervising accounting and financing of our Group. She is the spouse of Mr. Yu Canliang.

Ms. Shu has more than 15 years of experience in sales and accounting. From September 2009 to September 2010, she served as a supervisor at Beijing Xingyan Boshang Technology Ltd.*(北京行言柏尚科技有限公司) (currently listed on the NEEQ of the Shenzhen Stock Exchange, stock code: 870195, and known as Beijing Xingyan Boshang Technology Co., Ltd.* (北京行言柏尚科技股份有限公司), which is primarily engaged in comprehensive internet services including big data services for corporate customers, mobile internet advertising services and user experience design services, and she was responsible for providing business advice. From August 2006 to May 2016, she was a finance manager of Beijing Jingwei Xinkang Pharmaceutical Technology Development Co., Ltd.* (北京京衛信康醫藥科技發展有限公司), which is a subsidiary of Tibet Weixinkang Medicine Co., Ltd.* (西藏衛信康醫藥股份有限公司) (the shares of which are listed on the Shanghai Stock Exchange (stock code: 603676) and its principal business is research and development, production and sales of pharmaceutical products), and she was responsible for the financial management of the group's research and development department, and preparing the group's consolidated financial report.

Ms. Shu received a bachelor's degree in Accounting from China Agricultural University (中國農業大學) in January 2017 through part-time learning. Ms. Shu also received a diploma in Business Administration from Hunan Township Enterprise School* (湖南省鄉鎮企業學校) in July 1999. Ms. Shu has been awarded with the certificate of junior accountant by Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) since October 2012.

As at the date of this report, Ms. Shu is deemed to be interested in 356,250,000 shares of the Company, representing approximately 71.25% of the shares of the Company in issue, by virtue of the SFO and held 667 shares in Ka Lok BVI.

NON-EXECUTIVE DIRECTOR

Ms. Chang Qing (常青) ("Ms. Chang"), aged 38, is a non-executive Director. She joined our Group on 1 August 2022. She was nominated by Ma LM Assets Management Pte. Ltd.. She is responsible for providing advice on strategic development and financial planning of our Group.

Ms. Chang has more than 10 years of legal experience. Since December 2020, she has been the chief compliance officer and a member of the investment committee of Ma LM Family Office Pte. Ltd., which is primarily engaged in managing investments and trusts for a family, and is responsible for performing managerial and administrative duties. From January 2019 to December 2019, she worked as a part time legal adviser at Singapore FOZL Group Pte. Ltd., which is primarily engaged in the provision of corporate consulting services. And, she was responsible for providing legal advices. From June 2016 to January 2019, she worked as a senior legal counsel at Golden Touch Capital Pte. Ltd., which is primarily engaged in the provision of corporate consulting services. And, she was responsible for providing legal advices. She served as a secretary of the board and a general legal counsel of Shaanxi Longmen Education Technology Ltd.* (陝西龍門教育科技有限公司) (formerly known as Shaanxi Longmen Education Technology Co., Ltd.* (陝西龍門教育科技股份有限公司) and its shares were delisted from the National Equities Exchange and Quotations System (stock code: 838830) on 18 October 2019), which is a direct wholly-owned subsidiary of Suzhou Kingswood Education Technology Co., Ltd. (蘇州科德教育科技股份有限公司) whose shares are listed on the Shenzhen Stock Exchange (stock code: 300192) and its principal business is education training and offset printing), from December 2015 to December 2019 and from January 2020 to November 2020, respectively. And, she was responsible for the company's corporate governance and compliance matters. From August 2013 to November 2015, she worked as a senior legal counsel of Wan Shang International Holdings Pte. Ltd. (currently known as Shang Shan Holdings Pte. Ltd.), which is primarily engaged in the provision of investment services. And, she was responsible for handling the company's legal affairs and compliance matters. From November 2011 to June 2013, she worked in Drew & Napier LLC, which is a law firm in Singapore, and her last position held was a legal executive in the corporate and finance department.

Ms. Chang received a bachelor's degree in Laws from the China University of Political Science and Law (中國政法大學) in July 2009 and a master's degree in Laws from the University of Southern California in May 2010. She became a qualified lawyer in New York State, the United States and the PRC in September 2011 and March 2012, respectively. She obtained the qualifications of secretary of board by the Shenzhen Stock Exchange and the Shanghai Stock Exchange in April 2017 and June 2017, respectively.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Lu Yao (陸耀) ("Mr. Lu"), aged 51, was appointed an independent non-executive Director on 20 February 2024. Mr. Lu serves the chairman of the remuneration committee of the Company (the "Remuneration Committee") and a member of the audit committee of the Company (the "Audit Committee") and the Nomination Committee and is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Lu has been a director at Beijing Qingyuan Feikong Energy Technology Co. Ltd.* (北京清源飛控能源科技有限公司), which was principally engaged in technical development of energy-saving products, and was responsible for advising on corporate finance matters, since January 2021. Mr. Lu worked at Anglo Chinese Corporate Finance, Limited, which is primarily engaged in the provision of corporate financing advisory services, from November 2007 to December 2018. He was successively a senior manager of Anglo Chinese Corporate Finance Limited and a director of Beijing Anglo Chinese Consulting Co., Ltd.* (北京英高諮詢有限公司), and was responsible for business development and project execution. Between June 2006 and November 2007, he worked as a senior associate at Deloitte & Touche Corporate Finance Ltd., Beijing Branch (currently known as Deloitte Touche Tohmatsu Limited), which is primarily engaged in the provision of financial advisory and related service, and he was responsible for providing financial advisory services in mergers and acquisitions. Before that, Mr. Lu worked as the senior manager at Beijing Weijing Investment Consulting Co., Ltd.* (北京威京投資諮詢有限公司), which is primarily engaged in the provision of investment consultation services. And, he was responsible for business development and project execution between April 2003 and December 2005.

Mr. Lu received a bachelor's degree in Mechanical Engineering from Tsinghua University (清華大學) in July 1996 and a master's degree in Business Administration from the University of International Business and Economics (對外經濟貿易大學) in June 2000. Mr. Lu has passed all the required subjects of the professional stage of the National Uniform Certified Public Accountant Examination of PRC in January 2011.

Ms. Zheng Hong (鄭紅) ("Ms. Zheng"), aged 46, was appointed an independent non-executive Director on 20 February 2024. Ms. Zheng serves as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee and is primarily responsible for supervising and providing independent judgment to our Board.

Ms. Zheng has been the digital platform growth director of Sino Television (H.K.) Ltd., mainly responsible for sales and marketing, since November 2019. From August 2018 to October 2019, she was a strategic development manager of Sino Television Co. Ltd.* (神州電視有限公司), mainly responsible for marketing strategies, which is primarily engaged in media and cultural business. She held various positions at Phoenix New Media Limited (鳳凰新媒體有限公司) between April 2005 to December 2016, which is a media company providing premium content on an integrated internet platform, including PC and mobile, in China and the shares of which are listed on the New York Stock Exchange (stock code: FENG), and was successively a marketing manager between April 2005 and April 2008, director of video operating centre and deputy director of copyright division between April 2008 and July 2011, senior director of wireless video division between July 2011 and April 2015, and her last position was senior director of video division, and she was responsible for the overall business operation and management between April 2015 to December 2016.

Ms. Zheng received a bachelor's degree in Finance from the School of Continuing Education (Online Education) (繼續教育學院(網絡教育)) of Renmin University of China (中國人民大學) in September 2009 and a master's degree in public administration and management from National University of Singapore in February 2018. Ms. Zheng also completed Tsinghua-Citi EMBA Media Training Course* (清華－花旗EMBA獎學金媒體培訓課程班) organised by the School of Economics and Management of Tsinghua University (清華大學經濟管理學院) in July 2011.

Mr. Hu Hui (胡輝) ("Mr. Hu"), aged 48, was appointed as our independent non-executive Director on 20 February 2024. Mr. Hu serves as the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee and is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Hu currently holds various directorship and positions in several companies. Mr. Hu has served as a supervisor at Suzhou Huiwei Intelligent Medical Technology Co. Ltd.* (蘇州慧維智能醫療科技有限公司), which was principally engaged in biotech development and medical device technology services, and was responsible for providing business advice, since June 2019. He has also served as an executive director and a legal representative at Hunan Siqin Tax Agency Co. Ltd.* (湖南思勤稅務師事務所有限公司), which was principally engaged in the provision of tax consulting and tax assurance services, and was responsible for daily management and the provision of tax advisory services, since August 2018. He has also served as a supervisor at Shanghai Mili Technology Co. Ltd.* (上海覓理科技有限公司), which was principally engaged in software and technology development business, and was responsible for providing business advice and supervising corporate matters, since May 2018. From December 2015 to November 2022, he served as an executive partner of Shenzhen Tongfa Huihuang Investment Enterprise (Limited Partnership)* (深圳市通發輝煌投資企業(有限合夥)). From January 2014 to November 2017, he served as a legal representative at Zhongzhun CPA LLP (Hunan Branch)* (中準會計師事務所(特殊普通合夥)湖南分所)), which was then merged into Zhongzhun CPA LLP* (中準會計師事務所(特殊普通合夥)) and de-registered in March 2021, and he was responsible for overseeing daily management of the branch and maintaining client relationship. Since April 2015, he has also been a partner of Zhongzhun CPA LLP* (中準會計師事務所(特殊普通合夥)), which is primarily engaged in the provision of audit and assurance services, and he is responsible for managing business development and maintaining client relationship. From November 2007 to January 2013, he worked as a certified public accountant at Hunan Jinxinda Accounting Firm* (湖南金信達會計師事務所), which is primarily engaged in the provision of audit and assurance services, and was responsible for performing audit work.

Mr. Hu received a diploma in Accounting from Hunan University* (湖南大學) in December 2002 and a bachelor's degree in Accounting from Hunan University* (湖南大學) through distance learning in June 2017. Mr. Hu has been a certified public accountant of the Chinese Institute of Certified Public Accountants since November 2004.

SENIOR MANAGEMENT

Name	Age	Position	Roles and responsibilities
Mr. Zhao	42	Executive Director and chairman of the Board	Overall strategic planning and major business decisions, supervising the operational efficiency of the management system and serving as the chairman of the Nomination Committee
Mr. Yu	45	Executive Director and chief executive officer	Daily operation and general management of our Group and assisting in strategic planning and major decisions of our Group
Mr. Nie	42	Executive Director, chief operating office and joint company secretary	Overall operational management and overseeing administration, compliance and sales and marketing for our Group
Ms. Shu	46	Executive Director and chief financial officer	Comprehensive financial management and supervising accounting and financing of our Group

JOINT COMPANY SECRETARIES

Mr. Nie was appointed as the joint company secretary of our Company on 20 February 2024.

Mr. Lee Cheuk Wang (李卓宏) ("Mr. Lee"), aged 51, was appointed as the joint company secretary of our Company on 20 February 2024. He is a solicitor of the High Court of the Hong Kong Special Administrative Region. Since April 2017, he has been a partner of Loeb & Loeb LLP, the legal advisers to our Company as to Hong Kong law. Mr. Lee graduated from the City University of Hong Kong with Bachelor of Laws in 1996 and Master of Laws in Chinese and Comparative Law in 1999. He has more than 23 years of experience in advising on regulatory compliance and corporate governance in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Basis of Preparation

The Board is pleased to present this Environmental, Social and Governance ("ESG") Report (the "ESG Report"), summarising our management approach, initiatives, and performance of the ESG issues. This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") outlined in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Reporting Scope

Unless otherwise specified, this Report covers the ESG management and performance of the Group from 1 January 2023 to 31 December 2024 (the "Reporting Period"), which comprises financial years ended 31 December 2023 and 2024. With the assessment of the material and core business operation, we have included the following subsidiaries in this Report:

- Beijing Lesimedia (北京樂思創信)
- Khorgos Lechuang Information Technology Co., Ltd.* (霍爾果斯樂創信息科技有限公司)
- Khorgos Lemon Technology Co., Ltd.* (霍爾果斯檸檬科技有限公司)
- Hong Kong LesiTech Co., Limited (香港樂思有限公司)
- Hunan Lesimedia Technology Co., Ltd.* (湖南樂思創信科技有限公司)
- Beijing Lexiao Information Technology Co., Ltd.* (北京樂效信息科技有限公司)

Reporting Principles

The reporting principles complied by the Group in the preparation of this Report are as follows:

Materiality	Materiality assessments and stakeholder engagement were carried out to identify the material ESG-related issues and focus of this Report. The key stakeholders, steps and result of the materiality assessment can be referred to in the section "Stakeholder Engagement" and "Materiality Assessment" sections in this Report, respectively.
Quantitative	The Group disclosed the applicable quantitative key performance indicators (the "KPIs") in accordance with the ESG Reporting Guide to ensure the effectiveness and validity of the Group's ESG policies and management systems. Standardised methodologies and conversion factors are adopted and illustrated in the relevant sections.
Balance	The board of directors of the Company (the "Board") has acknowledged its responsibility to oversee the Company's sustainable development and review the truthfulness, accuracy and completeness of the Report. This Report has been prepared to present accurate and comprehensive reflection, avoided presentation formats that may influence report reader's decisions and judgements.
Consistency	In order to enhance comparability over time, we maintain consistency in adhering to reporting standards, principles and report structure, maintaining uniform methods for data calculation while also providing clear explanations of our methods and assumptions. Additionally, we are committed to offering detailed explanations to aid interpretation when changes occur.

The ESG Report has been reviewed and approved by the Board of the Company.

Opinion and Feedback

If you have any queries or suggestions about this Report, please feel free to contact us via email at LesiGroup@projectlegend.cn.

ESG GOVERNANCE

Board's Statement

The Board acknowledges its responsibility for overseeing the Group's ESG issues and emphasises their importance for sustained business success. Effective governance guarantees accountability and a balanced distribution of authority by defining the roles and responsibilities of various parties within the Group.

The Group has implemented the ESG Policy and integrating social, environmental, ethical, employee and customer considerations into our business operation to facilitate sustainable development. This policy sets out strategies and goals for addressing various ESG issues, such as business ethics, corporate governance, employment practices, workplace safety, human rights, environmental conservation, and community contributions.

To ensure thorough evaluation and oversight of key ESG issues, the Group has adopted a two-layer structure. The Board, reaffirming its ultimate responsibility for ESG governance, has delegated authority to the ESG Committee to hold regular meetings, with membership including at least one executive director. The current ESG governance structure and the responsibilities of which are as follow:

The Board	• Delegate powers and authorities to the ESG Committee and oversee day-to-day ESG matters. • Hold the overall responsibility for executing ESG duties. • Establish the fundamental ESG management structure for the Group. • Define the ESG goals and targets of the Group. • Review regularly the Group's ESG performance.
ESG Committee	• Develop and assess the Group's ESG responsibilities, vision, objectives, strategies, framework, principles, and policies. • Enhance the materiality assessment and reporting process. • Review, oversee, and implement the Group's ESG policies. • Supervise communication channels with stakeholders to sustain a trustful relationship. • Review the Group's annual ESG report and provide recommendations to the Board.

ESG Risk Management

In adherence to the ESG Risk Management Statement, the Group has incorporated ESG risk management into its operational and overall risk management framework. We place significant emphasis on preventing and mitigating the impacts of ESG risks, viewing them not just as potential liabilities but as investment opportunities. This forward-thinking approach to ESG risk management aims to generate value for the Group and its investors while supporting sustainable development.

Our ESG risk management system operates at multiple levels, involving the Board, ESG Committee, Risk Management Committee, Risk Management Team, and various functional departments. The Risk Management Committee oversees the implementation of the ESG risk management system, with its effectiveness evaluated and monitored by the ESG Committee. At the operational level, the Risk Management Team regularly reviews and assesses the materiality of each ESG risk, providing recommendations to senior management. Working alongside the Risk Management Team, the Human Resources Department organises training programs to ensure employees are well-versed in the ESG risk management system and its processes.

Through the ESG risk management process, we systematically identify and analyse potential ESG risks, implementing corresponding countermeasures to avoid or mitigate these risks.

Flow of ESG Risk Management

After a comprehensive examination of our operations, we have identified climate change as one of our material ESG risks. For insights into both physical and transition risks associated with climate change, please refer to the "Climate Change Preparedness" section in this Report.

The following table provides a summary of other material ESG risks that we have identified:

Potential ESG risks	**Implications**	**Our responses**
Illegal Advertising Risk	Under the Advertising Law of the People's Republic of China (the "PRC") (《中華人民共和國廣告法》) (the "Advertising Law") and the Administrative Measures for Online Advertising (《互聯網廣告管理辦法》), advertising operators may face penalties, including potential revocation of business licenses, for disseminating false, fraudulent, misleading, or illegal information. Given our limited control over mobile ad content, there is a risk of penalties and potential service suspension by media platforms.	To address this, we have formulated the Prohibition of Illegal Advertising Policy, outlining guidelines for employees in ad content production. Additionally, we have established an internal review mechanism to ensure compliance with all relevant laws and regulations in the PRC. Refer to the "Responsible Marketing" section in this ESG Report for further details.
IT Security and Access Risk	As a mobile advertising solution provider, we process and store substantial amounts of data, making us susceptible to cyber-attacks and computer viruses. Security breaches and unauthorised access pose a threat to the confidentiality of our information, potentially causing significant harm to our reputation and relationships with customers and business partners.	To mitigate these risks, we have implemented the Personal Data Privacy Compliance Policy and provided privacy protection training for our employees. A comprehensive mechanism is in place to safeguard data, and IT and security experts have been appointed to implement preventive measures. For additional details, refer to the "Customer Privacy and Data Security" section in this ESG Report.

STAKEHOLDER ENGAGEMENT

The Group acknowledges the importance of maintaining a close relationship with key stakeholders for sustainable governance. During the daily operation and advancement of ESG initiatives, we have identified key stakeholders, including investors and shareholders, customers, employees, business partners, government, media, and the community, who were engaged in identifying potentially material ESG issues and risks to the Group. The Group is committed to building strong relationships with stakeholders. We aim to improve our sustainability programs by gathering insights from various engagement channels to create maximum value. The gathered input from stakeholders allows the Group to meet stakeholders' needs and expectations continuously.

Key Stakeholders	Communication Channels
Investors and Shareholders	• Company website • Company's announcement • Annual gathering meeting • Annual and interim reports
Customers	• Company website • Customer direct communication • Customer feedback and complaints • Customer satisfaction survey
Employees	• Training and orientation • Emails and opinion box • Regular meetings • Employee performance evaluation • Employee activities
Business Partners	• Selection assessment • Procurement process • Performance process • Regular communication with business partners (e.g. emails, meetings, on-site visits, etc.)
Government	• Documented information submission • Compliance inspections and checks • Regular meetings • Forums, conferences and workshops
Media	• Company website • Company's announcement • Social networking platforms
Community	• Company website • Community activities

MATERIALITY ASSESSMENT

We have conducted a materiality assessment through an online survey to identify material ESG-related issues in accordance with Appendix C2 of the Main Board Listing Rules. Key stakeholders, including the Board, senior management, employees, business partners, and customers, were engaged to evaluate 27 ESG topics based on their significance to both the Group's business operations and the stakeholders themselves. This assessment has provided a foundation for developing and enhancing relevant policies and measures within the Group.

Steps to conduct a materiality assessment:

Identification

27 ESG-related issues were identified according to peer analysis and the ESG Reporting Guide.

Engagement

Invite internal and external stakeholders to fill in the online survey.

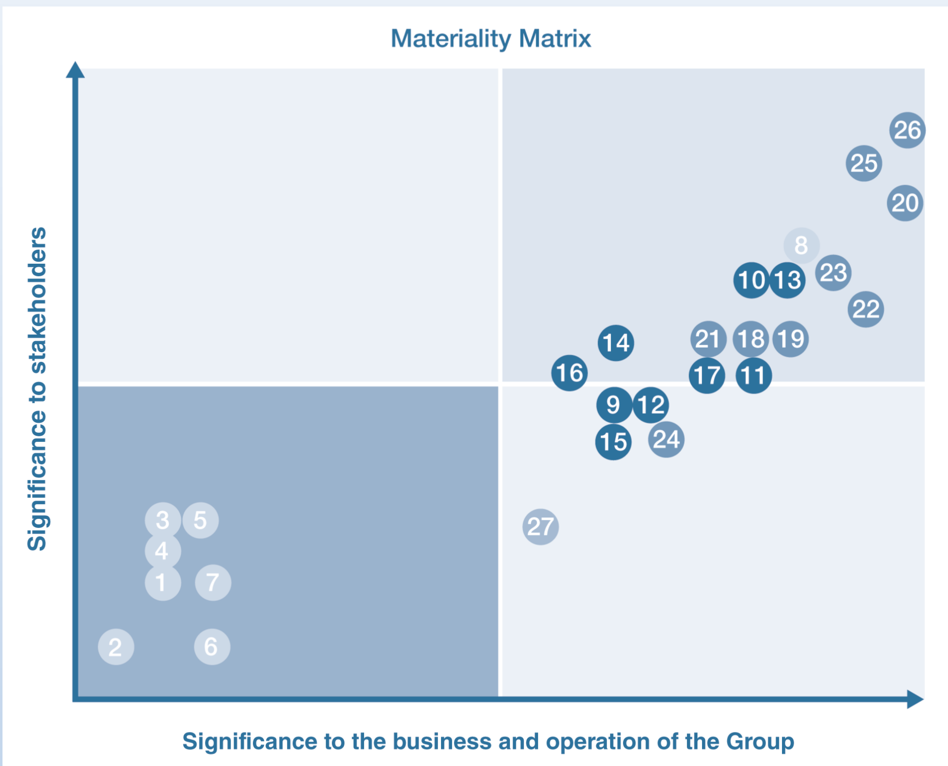
Prioritisation

Prioritise the most material ESG topics through materiality assessment.

Verification

Review the result of the materiality assessment for ESG reporting and performance improvement in future.

The ESG-related issues have been prioritised and are presented in the materiality matrix below. The issues situated in the upper right corner of the matrix were identified as the topics that matter most to the Group's business operations, aligning with the primary concerns of our stakeholders.



	Social		
Environment	**Employment**	**Operation**	**Community**
1. Air emission 2. Greenhouse gas emission 3. Climate change 4. Energy efficiency 5. Water and effluents 6. Use of materials 7. Waste management 8. Environmental compliance	9. Labour rights 10. Labour-management relations 11. Employee retention 12. Diversity and equal opportunity 13. Non-discrimination 14. Occupational health and safety 15. Employee training 16. Employee development 17. Prevention of child labour and forced labour	18. Customer satisfaction 19. Customer service quality and complaints handling 20. Customer health and safety 21. Marketing and product and service labelling compliance 22. Intellectual property 23. Customer privacy and data protection 24. Responsible supply chain management 25. Business ethics 26. Socio-economic compliance	27. Community investment

Key concerns from stakeholders	Our responses	Section
Socio-economic compliance	During the Reporting Period, the majority of our subsidiaries demonstrated a strong commitment to compliance with laws and regulations in the PRC. While there were some initial oversights in adequately contributing to social insurance and housing provident funds and establishing accounts for certain subsidiaries, we promptly rectified these issues and proactively engaged with a third-party human resources agent to ensure ongoing compliance. Aside from this specific area of improvement, the Group has consistently followed all the relevant laws and regulations related to employee rights, health and safety, as well as diversity and inclusiveness during the Reporting Period.	All relevant sections
Business ethics	The Group is committed to maintaining the highest standards of integrity and maintains a zero-tolerance stance towards bribery and corruption. We have implemented an internal policy addressing anti-bribery and anti-corruption measures, and have established a whistle-blowing channel to enable employees or third parties to report any instances of misconduct or malpractices.	Ethical business

Key concerns from stakeholders	Our responses	Section
Customer health and safety	The Group clearly acknowledges our responsibility as a mobile advertising solution provider to prioritise the health and safety of our audience. To ensure this commitment, we have implemented internal review policies to thoroughly scrutinise mobile advertisements before distribution.	Service responsibility

SERVICE RESPONSIBILITY

We mainly provide mobile advertising solutions services to clients, promoting their brands, products, and services on media platforms operated by our media partners. Our services include mobile marketing planning, the production of ad creatives, ad placements, ad optimisation, and ad campaign management. Our goal is to enhance the publicity of mobile ads, reach maximum targeted mobile audience, meet the marketing objectives of our clients and improve their return on investment with a high-quality advertising solution.

The Group strictly adheres to the relevant laws and regulations, including but not limited to the Administrative Measures for Online Advertising (《互聯網廣告管理辦法》) and the Advertising Law. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in China relating to advertising, labelling and privacy matters. Additionally, due to the nature of our business, the Group did not have any recalls of sold or delivered products for safety and health reasons during the Reporting Period.

Responsible Marketing

We have established an internal content production team dedicated to the creation of innovative advertising content. We understand that the ability to produce high-quality content is a critical differentiator for advertising service providers, playing a significant role in the success of advertising campaigns. At the same time, ensuring compliance to advertising-related laws and regulations remains a top priority.

In accordance with current laws and regulations, the dissemination of false, fraudulent, misleading, or illegal content could lead to severe consequences, including the confiscation of advertising revenue, imposition of penalties, issuance of orders to cease the dissemination of illegal advertisements, and, in extreme cases, the suspension or revocation of our business license by PRC authorities. It is important to note that, due to the diverse nature of content provided by customers for our mobile advertising production, we may not exert full control over all the content.

In addressing this concern, we bind our clients to contracts requiring them to ensure that the creation, design, and content of their advertisements conform to all applicable laws and regulations. Contractually, our customers are responsible for ensuring that the advertisement content they provide complies with national laws and regulations and does not violate the intellectual property rights of any third parties. During the reporting period, the Group was not aware of any administrative penalties or involvement in litigation/arbitration for violating the Advertising Law concerning any published ad content that it designed, produced, or provided relevant agency services for to a material extent.

The Group has developed the Prohibition of Illegal Advertising Policy, which clearly outlines the internal review mechanism and processes established to prevent illegal advertising. Prior to distribution, all advertising content must be reviewed and approved by authorised personnel. This review covers elements such as sensitive keywords and presentation styles in mobile ads. In alignment with the Group's commitment to responsible marketing practices, we require all employees to comply with the following guidelines:

1. We strictly prohibit marketing campaign that contain exaggerated, deceptive and false content;

2. We must not misrepresent clients' products, services, or prices;

3. We must not make false or misleading statement about the competitor's products, services, performance, or track record;

4. Unless there is excessive research, we shall not use any kind of comparative advertising;

5. We shall confirm with the Legal Department of the Group before using comparative advertising;

6. We shall keep all marketing materials for future evaluation and review; and

7. We shall actively promote environmental protection and corporate social responsibility, integrate the concept of ESG and sustainable development into our business operations.

Intellectual Property Protection

Safeguarding intellectual property rights stands as a crucial imperative in the advertising industry. We strongly prohibit any infringement of intellectual property rights of third parties and constantly adhere to relevant laws and regulations, such as the Copyright Law of the PRC (《中華人民共和國著作權法》) and the Trademark Law of the PRC (《中華人民共和國商標法》). The Group has implemented the Genuine Software Management System to advocate the utilisation of genuine software. The Administration Department formulates a tailored genuine software procurement plan for each department, strictly forbidding the use of pirated software in our business operations.

As at 31 December 2024, the Group has had two registered trademarks, 29 registered software copyrights, and five domain names. During the Reporting Period, we faced no material disputes or claims regarding infringement on third parties' trademarks, licenses, or other intellectual property rights in the PRC.

Customer Privacy and Data Security

As a customer-oriented enterprise, we recognise the importance of safeguarding personal data to foster trust with our customers. In response to this commitment, we have developed the Personal Data Privacy Compliance Policy, addressing issues related to data security and privacy. This policy clearly defined the responsibilities of each relevant department and personnel. Our dedication extends to compliance with all applicable laws and regulations governing customer privacy, including the Personal Information Protection Law of the PRC. To enhance information security, we have IT and security professionals managing private data, categorising the data into different levels. We apply strict protection measures to sensitive personal data, limiting access to authorised personnel only. Additionally, we conduct comprehensive privacy and data awareness training for employees, ensuring their understanding of the Personal Data Privacy Compliance Policy and their roles in upholding privacy and data security.

The Group has put in place various internal control policies and measures for data protection and security, for instance:

1. Routine examination of proper data storage;

2. Anti-virus enhancement of our internet service;

3. Control of access of data by a list of authorised staff;

4. Restricted use of data by the authorised staff;

5. Access of data with passwords which shall be changed regularly;

6. Review of user accounts and access records on a monthly basis; and

7. Regular trainings in relation to information security organised by our technology support and development team.

We will regularly monitor the regulatory environment and may approach PRC authorities as needed to inquire about the most recent developments and obligations under the Draft Regulation and any other applicable new regulations. Furthermore, we will seek external legal counsel from time to time and take appropriate action in a timely way. We have developed and continue to improve a comprehensive set of internal policies, processes, and methods to protect data security, including regular system security tests, anti-virus software updates, and graded access authorization.

Complaints Received

We highly value the opinions and suggestions of our customers, as they are vital to our business success. In the normal course of our operations, we regularly receive feedback, recommendations, and complaints from clients regarding the quality of our services and the effectiveness of our advertising placements in meeting their expectations. To ensure prompt resolution of their concerns, we offer clients a variety of convenient and efficient channels to submit feedback, including a WeChat account, email address, and phone number. Our sales and marketing teams actively monitor, manage, and address client complaints, ideas, and feedback. They also conduct follow-up analyses to evaluate the outcomes of our responses through these channels.

During the reporting period, we did not receive any customer complaints that could have significantly impacted on the Group's operations, financial performance, reputation, or business.

SUSTAINABLE SUPPLY CHAIN

The Group is committed to incorporating ESG considerations into our procurement processes, firmly believing that this approach strengthens the sustainability and resilience of our supply chain, ultimately enhancing the competitiveness of both our company and our suppliers. Our dedication to reducing the environmental impact of our supply chain is reflected in initiatives that promote reuse, recycling, and the reduction of disposable items. We require all suppliers to comply with our Supplier Code of Conduct, which includes the following principles:

1. Suppliers must comply with all applicable laws and regulations in business operations;

2. Suppliers shall implement appropriate system to assess, measure and reduce the environmental impact of business operations;

3. Suppliers must not employ workers under 16 years old or below the legal working age;

4. Suppliers must not employ any form of forced labour;

5. Suppliers shall provide training on workplace safety to employees to protect their own safety and that of other employees;

6. Suppliers must not discriminate employees based on gender, ethnicity, nationality, age, marital status, sexual orientation, religion or physical disability;

7. Suppliers shall pay their suppliers in a timely manner;

8. Suppliers shall develop policies, code of conduct and operating procedures to prevent any form of bribery, corruption and fraud; and

9. Suppliers shall provide relevant documentation to the Group in order to demonstrate compliance with this Code of Conduct and allow the Group to conduct auditing in relevant facilities and workplace.

The information of suppliers collaborated with the Group by geographical region is illustrated below:

	For the year ended 31 December	
Number of Suppliers	**2024**	2023
Mainland China	**37**	48

Supplier Selection and Evaluation

The Group has formulated the Sustainable Supply Chain Management Policy and the Sustainable Procurement Policy, which explicitly highlight the integration of ESG factors into the supplier selection process. Suppliers that demonstrate a strong commitment to sustainable development, including the adoption of sustainable development policies, are given priority.

ESG performance is a critical component of the supplier selection process, where the Group evaluates the overall performance of potential suppliers, covering areas such as labor rights, occupational health and safety, environmental protection, and more. The assessment uses a combination of qualitative and quantitative scoring, with preference given to suppliers exhibiting superior ESG performance. Regular reviews of suppliers' ESG performance are conducted to ensure ongoing compliance and encourage continuous improvement. Suppliers identified with high ESG risks are urged to implement mitigation measures within agreed-upon timeframes; failure to do so may lead to the termination of collaboration with such suppliers.

Responsible and Ethical Procurement

In order to minimise the impacts on the environment and community, the Group has implemented the following guidelines for the procurement process:

1. Consider the environmental and social impacts of products and services throughout their lifecycle;

2. Purchase environmentally friendly products to replace traditional products;

3. Minimise the consumption of products with environmental concern;

4. Consider the potential health hazard during the consumption of products; and

5. Seek opportunities to source from suppliers that support the local economy.

TALENT MANAGEMENT

We strongly believe that the success and long-term sustainability of the company are built in the well-being and contributions of its employees. We prioritise the welfare of our employees, guided by the core values of "Altruism, Innovation, Teamwork, Integrity, Dedication, and Passion". The Group diligently complies with the Labour Law of the PRC, the Labour Contract Law of the PRC, the Regulation on Work-Related Injury Insurance, and other relevant employment-related laws and regulations.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations concerning compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

As of 31 December 2024, the Group employs a total of 150 employees, all based in the PRC. Details of our workforce composition and turnover rate across different categories are provided below:

		As at 31 December	
		2024	2023
Total number of employees		**150**	118
By Gender	Male	**74**	63
	Female	**76**	55
By Employment Type	Full time	**150**	118
By Position	Senior Management	**4**	4
	Management/Supervisor	**1**	1
	General Staff	**145**	113
By Age Group	Under 30 years old	**85**	69
	30 to 50 years old	**63**	49
	50 years old and above	**2**	0
By Geographical Region	Mainland China	**150**	118
Employee turnover rate[1]		**22.54%**	7.59%
By Gender	Male	**24.66%**	11.11%
	Female	**20.29%**	3.60%
By Age Group	Under 30 years old	**32.68%**	6.90%
	30 to 50 years old	**11.02%**	8.70%
By Geographical Region	Mainland China	**78.63%**	41.41%

Employment Practices

We recognise and value the individual contributions of each employee, understanding that the Group's success is a direct result of their collective efforts. In return, we are committed to providing a stable and supportive work environment that fosters professional growth and employee satisfaction. To promote positive employment practices, the Group has implemented a comprehensive set of policies that govern various aspects of employment, including dismissal procedures, recruitment, promotions, working hours, rest periods, equal opportunities, diversity, anti-discrimination measures, as well as remuneration and welfare. We actively seek and value employee feedback through channels such as internal meetings, mailboxes, and online platforms, using this input to refine and improve our management practices to better align with the needs and perspectives of our team members.

Recruitment and Dismissal:

Our Employment Policy clearly states that candidate selection is based solely on factors directly relevant to the position, such as qualifications, skills, and performance. We adhere to the principles of "Openness, Fairness, and Transparency" throughout the recruitment process, ensuring equal treatment for all candidates without discrimination. During the Reporting Period, our primary recruitment method has been through online platforms. The Group also prioritises employee retention, promptly analysing and addressing instances of unusual talent loss. Employee departures are handled through fair negotiations, in compliance with the Labour Contract Law of the PRC and other relevant regulations. The Human Resources Department conducts exit interviews with resigning employees to gather insights and reduce unwanted turnover in the future, reflecting our commitment to continuous improvement.

Appraisal and Promotion:

To sustain the competitiveness of our workforce we conduct annual performance appraisals. Employees demonstrating outstanding performance are considered for career advancement. We have established a dual-channel promotion system: department heads can recommend promotions for exceptional performers, and employees with over a year of service in the same role may also request promotions based on demonstrated competence.

Working Hours and Rest Periods:

We comply with applicable laws and regulations regarding working hours, ensuring reasonable schedules tailored to the nature of each role. We actively promote a healthy work-life balance, offering statutory holidays, annual leave, sick leave, personal leave, marriage leave, maternity leave, bereavement leave, and overtime compensation leave.

Remuneration and Welfare:

The Group has established a Remuneration Management System, considering individual and departmental performance alongside industry standards. This system provides a comprehensive package, including a basic salary, discretionary bonus, computer subsidy, meal allowance, and phone allowance. Regular market salary research ensures our employees' compensation remains competitive. Additionally, the Group offers various benefits, such as holiday, birthday, and wedding gifts, to celebrate special occasions and show appreciation for our employees.

Diversity, Equity, and Inclusion:

The Group is dedicated to fostering a workplace that values diversity, equity, and inclusion. Our Anti-Harassment and Anti-Discrimination Policy plays a key role in creating an environment where employees can thrive, free from harassment, discrimination, and other misconduct. Complaints related to harassment or discrimination are promptly investigated, with appropriate disciplinary action taken as necessary.

Labour Standards:

We strictly prohibit all forms of child and forced labour within our operations and supply chain. The Human Rights Policy and Principle of Prohibition of Forced Labor ensure that all employees voluntarily meet the legal employment age before entering labour contracts. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to child or forced labour.

Advocating Health and Safety

Although our business operations do not involve managing production facilities, and the associated occupational health and safety risks are relatively low, we remain steadfast in our commitment to maintaining a safe working environment and fostering a strong safety culture for our employees. We have implemented Health, Safety, and Environment ("HSE") management framework to systematically mitigate occupational health risks. Guided by the principles of "People-oriented, Prevention-oriented, Full Participation, and Continuous Improvement," our HSE practices extend to suppliers, distributors, and other stakeholders, encouraging them to adopt similar measures. To promote a healthy lifestyle, we provide fitness memberships to eligible employees, encouraging regular exercise and well-being.

Within the HSE management framework, the Group ensures that daily operations comply with relevant occupational health and safety laws and regulations in applicable regions. This includes adherence to the Fire Protection Law of the PRC, the Provisions on the Supervision and Administration of Occupational Health at Work Sites, and the Regulation on Work-Related Injury Insurance. Regular safety training sessions are conducted to enhance employee awareness of occupational health and safety practices.

During the Reporting Period, there were no lost days due to work-related injuries, and no work-related fatalities occurred. Additionally, the Group was not aware of any material non-compliance with relevant laws and regulations related to occupational health and safety that could compromise the provision of a safe working environment or the protection of employees from occupational hazards.

Talent Development

The Group values the skills and knowledge of its employees as key elements in the Group's sustainable development for long-term growth. To support employees' personal and professional development, including leadership and technical skills, we have established the Talent Development Policy, which provides clear guidance for their career progression.

As stipulated in the Talent Development Policy, we have implemented appropriate training programs to meet the individual needs and capabilities of employees. These programs are customised to address the diverse requirements of employees across different departments and roles. Through a combination of targeted training and job rotation initiatives, employees can continuously expand their expertise in various fields. All new hires undergo an orientation program, which they are required to complete within one month of joining the Group.

To standardise financial work processes and mitigate financial risks, the Group has established a Financial Staff Training System. External training sessions are conducted every six months, complemented by sessions led by external professionals who provide specialised financial training. After each training session, employee progress is evaluated in accordance with the Company's guidelines to ensure continuous improvement and development.

As of 31 December 2024, the employees' training profiles are illustrated below[2]:

Employees Trained		As at 31 December 2024	2023
Total[3]		**150 (100%)**	118 (100%)
By Gender[4]	Male	**74 (49.33%)**	63 (53.39%)
	Female	**76 (50.67%)**	55 (46.61%)
By Position	Senior Management	**4 (2.6%)**	4 (3.395%)
	Management/Supervisor	**1 (0.67%)**	1 (0.85%)
	General Staff	**145 (96.67%)**	113 (95.76%)

Average Training Hours		2024	2023
All employees		**12**	12
By Gender	Male	**12**	12
	Female	**12**	12
By Position	Senior Management	**12**	12
	Management/Supervisor	**12**	–
	General Staff	**12**	12

GREEN OPERATION

The Group acknowledges significant and irreversible changes in the climate and underscores the urgency of making environmentally conscious decisions to shape a sustainable future. We place significant emphasis on mitigating potential negative impacts from our business operations by strictly adhering to environmental laws and regulations. To this end, the Group has established key policies, including the Environmental Policy and Climate Change Policy. Due to the nature of our business, certain laws such as the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, and the Energy Conservation Law of the PRC are not directly applicable to our operations.

As a mobile advertising service provider, our primary activities involve creating mobile ad content and developing marketing campaigns for clients, conducted mainly in office settings. Our business does not involve the production of packaging materials and has a minimal impact on the environment and natural resources. During the Reporting Period, the Group was not aware of any material non-compliance with applicable environmental laws and regulations that could significantly affect the Group in terms of air and greenhouse gas emissions, discharges into water and land, or the generation of hazardous and non-hazardous waste.

Environmental Targets

- By 2030, reduce greenhouse gas ("GHG") emission intensity by 15% from a 2021 base year.
- By 2030, reduce energy consumption intensity by 10% from a 2021 base year.
- By 2030, reduce water consumption intensity by 7% from a 2022 base year.
- By 2024, we will establish a data collection system to retrieve the information of non-hazardous waste.

Emission Management

As our business operations are office-based, our GHG emissions encompass three scopes: Scope 1, Scope 2, and Scope 3. Scope 1 emissions refer to direct emissions from sources owned or controlled by the Group, such as fuel combustion from company vehicles and refrigerant usage. Scope 2 emissions involve indirect GHG emissions resulting from the Group's consumption of purchased electricity. Scope 3 emissions include other indirect GHG emissions, such as those generated from business air travel.

The Group's GHG emissions primarily stem from company vehicles and purchased electricity. To reduce energy consumption and mitigate indirect GHG emissions, the Group is firmly committed to adopting innovative and energy-efficient technologies across its operations. This includes integrating renewable energy sources and replacing business trips with video conferencing technology to minimise the need for travel. We actively encourage our suppliers, employees, and customers to participate in carbon emission reduction initiatives during their daily activities. Additionally, we are incorporating carbon emission reduction efforts into the supplier evaluation process to further promote sustainability.

For the year ended 31 December 2023 and 2024, we generated 72.28 and 68.37 tonnes of carbon dioxide equivalent ("tCO_2e") respectively. The GHG emissions and energy use during the Reporting Period are as follows:

GHG Emission[6]	Unit	For the year ended 31 December 2024	2023
Scope 1[7]	tCO_2e	**7.08**	7.08
Scope 2[8]	tCO_2e	**55.28**	59.44
Scope 3[9]	tCO_2e	**6.01**	5.76
Total GHG emissions	tCO_2e	**68.37**	72.28
Intensity	tCO_2e per employee	**0.46**	0.61
Energy Consumption			
Gasoline for mobile combustion[10]	MWh	**28.83**	28.83
Purchased electricity	MWh	**90.61**	97.43
Total energy consumption	MWh	**119.44**	126.26
Intensity	MWh	**0.80**	1.07

Apart from GHG emissions and energy consumption, the air emission data are summarised in the table below:

Air Emissions[11]	Unit	For the year ended 31 December 2024	2023
Nitrogen oxides (NO_x)	kg	**2.24**	2.24
Sulphur oxides (SO_x)	kg	**0.04**	0.04
Particulate Matter (PM)	kg	**0.17**	0.17

6 Greenhouse gas emissions refer to the release of gases into the Earth's atmosphere, particularly carbon dioxide and other pollutants, that contribute to the greenhouse effect and climate change by trapping heat.

7 Scope 1 emission covers the direct GHG emissions from the mobile source combustion from the use of unleaded petrol by company vehicles of the Beijing office. The data published were estimated based on the past utilisation pattern and mileage records.

8 Scope 2 emission covers indirect GHG emissions generated from the use of purchased electricity in office. The data published were estimated based on the expenditure on electricity consumption in the Beijing and Guangzhou offices for the entire Reporting Period, as well as that of Hunan office in 2022. Electricity supply of the Hunan office was managed by property management in 2021.

9 Scope 3 emission covers indirect GHG emissions generated from business air travel. Emission data relating to business air travel were calculated according to the UK Government GHG Conversion Factors for Company Reporting.

10 The conversion factors from volumetric units of petrol consumption to energy units are in reference to CDP Technical note: Conversion of fuel to MWh.

11 The air emissions were generated by the use of petrol for company vehicles. The data published were estimated based on the past utilisation pattern and mileage records of our vehicles. The calculation had referred to the published emission factors of the "How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange.

Waste Management

The Group acknowledge the significance of waste management and adheres to the Law on the Prevention and Control of Environmental Pollution by Solid Waste of the PRC. As our operations are confined to office settings, our primary waste consists of domestic waste such as paper, toner, and ink cartridges. Although waste generation data was not collected during the Reporting Period, we are committed to improving transparency by establishing a data collection system next year to track non-hazardous waste information. Given the nature of our business, there was no significant generation of hazardous waste during the Reporting Period.

To minimise our environmental impact, we prioritise reducing the use of disposable items and favour reusable or recyclable alternatives. This includes sourcing recyclable toner and ink cartridges, as well as responsibly sourced paper. Additionally, we aim to reduce the consumption of paper and other daily operational resources by optimising our workflows and procedures.

Water Conservation

The Group has formed a water-saving management team to incorporate water conservation practices into our daily operations. During the Reporting Period, we developed a long-term water conservation plan and standardised water consumption management methods in our offices. Given that the Group's tap water is supplied by the municipal system, there are no concerns regarding the quality or compliance of the water procured.

To continuously improve the efficiency of water resource utilisation, we have set a water consumption target and will regularly monitor progress. The water consumption data is summarised in the table below:

		For the year ended 31 December	
Water Consumption[12]	**Unit**	**2024**	2023
Total	m^3	**467.98**	528
Intensity	m^3 per employee	**3.12**	4.47

12 The data published were estimated based on the expenditure on freshwater consumption in the Beijing office starting from 2021, as well as that of Hunan office starting from 2022. Water supply of the Hunan office in 2021 was then managed by property management.

Climate Change Preparedness

In alignment with China's "Dual Carbon Goals", which aim to achieve carbon peak by 2030 and carbon neutrality by 2060, the Group recognises climate change as a critical ESG issue. We actively monitor the potential impacts of climate change on our operations and take steps to manage climate-related risks. Under the leadership of the ESG Committee, we strive to integrate climate change risks into the Company's overall risk management framework and reduce our carbon footprint.

In collaboration with the ESG Adviser, we identify climate change risks and opportunities in accordance with the Task Force on Climate-related Financial Disclosure (TCFD), particularly focusing on the requirements related to climate-related disclosures. Climate change remains one of the most pressing global challenges, resulting in frequent shifts in weather patterns and an increase in extreme weather events. The table below outlines the potential impacts of climate change.

Climate Change Risk	Potential Impact and Countermeasures
Acute physical risk	Our main operating location at Beijing faces a higher impact from climate physical risk, characterised by increased precipitation and temperatures. In the summer of 2022, Beijing recorded a 20% higher precipitation rate than the average level, coupled with a rising trend in the number of heavy rainfall events in northern China. Furthermore, the occurrence of three sandstorms and numerous hail events in Beijing during 2022 signifies a potential climate physical risk for the Group. These extreme weather events pose a threat to the Group's facilities, leading to additional repair and maintenance costs, and potentially impacting the effectiveness of our marketing campaigns. To address these challenges, we are committed to providing training to both internal and external stakeholders on climate change and implementing a contingency plan to mitigate the impacts of extreme weather events.
Chronic physical risk	Climate change, manifested in a global rise in average temperatures, may result in escalated operating and human resources costs due to more lost days attributed to heatwaves. The Group may experience increased electricity costs in maintaining optimum room temperatures in office spaces to ensure employees' working productivity. The long-term alterations in climate patterns are raising concerns about the potential impact of climate risk on our business. Regions with high exposure to natural disasters could face an increase in insurance premiums. To overcome these challenges, we regularly evaluate the changes in climate patterns and proactively implement steps and procedures aimed at mitigating the impacts of climate change. This strategic approach is essential for strengthening the Group's climate resilience.
Transition risk	In line with the commitment to limit global warming to well below 2℃, as outlined in the Paris Agreement and China's "Dual Carbon Goals", it is anticipated that regulations on climate disclosure and carbon emissions will be enforced in China. Recognising the industry's shift toward low-carbon operations, failure to align with market trends and insufficient consideration of climate change may negatively impact the Group's reputation. We have set a GHG emission target during the Reporting Period to combat with these issues. Our goal is to reduce GHG emissions by 15% per employee by 2030, using the 2021 base year as a reference point.

ETHICAL BUSINESS

We believe that integrity and honesty are fundamental to maintaining trustworthy relationships with our employees, customers, and business partners. We are committed to ethical conduct by strictly adhering to relevant laws and regulations, including the Anti-Unfair Competition Law of the PRC and the Anti-Money Laundering Law of the PRC. During the Reporting Period, the Group was not aware of any material non-compliance with Chinese laws related to bribery, extortion, fraud, or money laundering. No legal cases involving corrupt practices were concluded against the Group or its employees.

To uphold the Group's reputation, we have established the Anti-Bribery and Corruption Statement and the Employee Code of Conduct, guided by a zero-tolerance principle. These documents provide clear guidelines on protecting confidential information, managing conflicts of interest, and prohibiting the offering or acceptance of financial or other advantages, such as entertainment, gifts, job offers, and contracts.

The Group has also implemented a Whistle-Blowing Policy to encourage the reporting of violations, ensuring timely identification and prevention of misconduct. The identities of whistle-blowers are kept strictly confidential to prevent retaliation, which is strictly prohibited. Reported cases are promptly investigated by the Internal Audit Department, Human Resources Department, and Administration Department, with findings reported to the relevant authorities for further action.

As part of our ongoing efforts to foster a culture of integrity, we plan to deliver comprehensive training on anti-corruption and business ethics to all employees and business partners. This initiative aims to enhance awareness and understanding, promoting a commitment to ethical conduct across the Group.

COMMUNITY INVESTMENT

The Group places a high priority on the sustainable development of its business and the well-being of the communities in which it operates. As a responsible enterprise, our commitment extends beyond maximising returns for shareholders. We actively fulfill our corporate social responsibility, recognising it as an essential component of the Group's overall success.

We have consistently engaged in public welfare initiatives and will continue to support various social causes in the future, with a particular emphasis on poverty alleviation and education enhancement. Additionally, we have established an emergency system and response mechanism for disasters, enabling us to provide timely assistance and emergency support to local communities when needed.

HKEx ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
Aspect A Environmental		
A1 Emissions	Information on: • the policies; and • compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.	Green Operation
KPI A1.1	The types of emissions and respective emissions data.	Green Operation – Emission Management
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation – Emission Management
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	According to the Group's business nature, there was no material hazardous waste generated during the Reporting Period.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	As the Group's operation are primarily based in office, the non-hazardous waste generated is minimal. Although waste generation data was not collected in the Reporting Period, we are committed to enhancing disclosure by establishing a data collection system next year for non-hazardous waste information.
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Green Operation
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Operation – Waste Management

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
A2 Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in "000s) and intensity (e.g. per unit of production volume, per facility).	Green Operation – Emission Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Operation – Water Conservation
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Operation – Water Conservation
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	According to the Group's business nature, there was no product packaging material.
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Green Operation
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operation
A4 Climate Change	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Green Operation – Climate Change Preparedness
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green Operation – Climate Change Preparedness
Aspect B Social		
B1 Employment	Information on: • the policies; and • compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Talent Management – Employment Practices
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Talent Management
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Talent Management

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
B2 Health and Safety	Information on: • the policies; and • compliance with relevant laws and regulations that have a significant impacts on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Talent Management – Advocating Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Talent Management – Advocating Health and Safety
KPI B2.2	Lost days due to work injury.	Talent Management – Advocating Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Talent Management – Advocating Health and Safety
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Talent Management – Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Management – Talent Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Talent Management – Talent Development
B4 Labour Standards	Information on: • the policies; and • compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Talent Management – Employment Practices
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Talent Management – Employment Practices
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Talent Management – Employment Practices
B5 Supply Chain Management	Policies on managing environmental and social risks of supply chain.	Sustainable Supply Chain
KPI B5.1	Number of suppliers by geographical region.	Sustainable Supply Chain
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Sustainable Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
B6 Product Responsibility	Information on: • the policies; and • compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Service Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	According to the Group's business nature, we do not provide product.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Service Responsibility – Customer Privacy and Data Security
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Service Responsibility – Intellectual Property Protection
KPI B6.4	Description of quality assurance process and recall procedures.	Service Responsibility – Responsible Marketing
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Service Responsibility – Customer Privacy and Data Security
B7 Anti-corruption	Information on: • the policies; and • compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Ethical Business
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Ethical Business
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Ethical Business
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Ethical Business
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of our Company for the year ended 31 December 2024.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholder and enhance its value and accountability. The Board endeavors to adhere to the principles of corporate governance and has set and implemented sound corporate governance practices to fulfill the legal and commercial standards in the management structures, internal control, risk management and fair disclosure to achieve effective transparency and accountability.

The Company has adopted the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules (the "CG Code") as its own code of corporate governance. The Group will continue to review and monitor its corporate governance practices to ensure the compliance with the Corporate Governance Code. The Company has complied with the CG Code since the Listing Date, being 8 March 2024, and up to the date of this report.

CORPORATE GOVERNANCE MEASURES

Our Company adopted the following measures to manage the conflict of interests arising from the possible competing business of our Controlling Shareholders and to safeguard the interests of our Shareholders:

(a) our independent non-executive Directors would review, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders, and the decisions on matters reviewed would be disclosed in our annual reports;

(b) an annual declaration as to full compliance with the terms of the Deed of Non-competition would be made by our Controlling Shareholders, and would be disclosed in our annual reports;

(c) our Directors would operate in accordance with the Articles of Association of the Company (the "Articles") which require the interested Director not to vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested except in certain circumstances expressly provided in the Articles; and

(d) pursuant to the CG Code, our Directors, including the independent non-executive Directors, would be able to seek independent professional advice from external parties in appropriate circumstances at the cost of the Company.

We would follow the measures in the CG Code which sets out the principles of good corporate governance in relation to Directors, the chairman of the Board and chief executive officer of the Company, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with our Shareholders. Our Company would state in its interim and annual reports whether we have complied with the CG Code, and would provide details of, and reasons for, any deviations from it in the corporate governance report which would be included in our annual reports.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors and all Directors have confirmed that they have complied with the Model Code since the Listing Date up to the date of this report. The Company continues and will continue to ensure compliance with the code of conduct.

BOARD OF DIRECTORS

The Board is responsible for the overall leadership of the Group, oversees the strategic decisions of the Group and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the management of the Group.

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

Board composition

As at the date of this report, the Board comprises eight Directors, including four executive Directors, namely Mr. Zhao Libing ("Mr. Zhao"), Mr. Yu Canliang ("Mr. Yu"), Mr. Nie Jiang and Ms. Shu Qing, one non-executive director, namely Ms. Chang Qing, and three independent non-executive Directors, namely Mr. Lu Yao, Ms. Zheng Hong and Mr. Hu Hui. The executive Directors, Mr. Yu Canliang and Ms. Shu Qing, are spouse.

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this report. The Company considers that the composition of the Board is well balanced. Each of the Directors has the relevant experience, knowledge and expertise that can contribute to the business of the Company.

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

Chairman of the Board and chief executive officer

Mr. Zhao has been serving as the chairman of the Board and has been providing leadership for the Board to ensure its effectiveness. Mr. Yu has been serving as the chief executive officer of the Company and has been primarily involved in corporate strategic planning and overseeing the strategic business development of the Group. The roles and responsibilities between the chairman of the Board and the chief executive are separated to ensure a balance power and authority, so that power is not concentrated in any one individual.

Independent non-executive Directors

The Company has complied with Rules 3.10(1) and (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors, representing more than one-third of the Board and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. All independent non-executive Directors also meet the guidelines for assessment of their independence pursuant to Rule 3.13 of the Listing Rules. The Company has received a confirmation of independence from each of the independent non-executive Directors as required under the Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent.

Appointment, re-election and removal of Directors

All executive Directors, the non-executive Director and the independent non-executive Directors are appointed for an initial term of three years commencing from the Listing Date. None of the Directors has a service contract or letter of appointment with the Company or any of its subsidiaries other than the contracts/letters of appointment expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation). All Directors, including the independent non-executive Directors, are subject to retirement by rotation at least once every three years and are eligible for re-election in accordance with the provisions of the Listing Rules and the Articles. At least one-third of the Directors shall retire from office every year at the annual general meeting of the Company, provided that every Director will be subject to retirement by rotation at least once every three years.

The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director, provided that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting.

Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting.

A Director (including a managing or other executive Director) may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

Board meetings, general meetings and procedures

Our Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Other Board meetings will be scheduled when necessary. Notice of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the joint company secretaries of our Company with copies circulated to all Directors for information and records. Minutes of our Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by our Board and our Board committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of our Board meetings are open for inspection by Directors.

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

			Number of meetings attended/number of meeting(s)	
Name of Directors	**Role & Position**	**Gender**	**Board meeting**	**General meeting**
Mr. Zhao Libing	Executive Director & Chairman of the Board	Male	4/4	1/1
Mr. Yu Canliang	Executive Director & chief executive officer	Male	4/4	1/1
Ms. Shu Qing	Executive Director & chief financial officer	Female	4/4	1/1
Mr. Nie Jiang	Executive Director, chief operating officer and joint company secretary	Male	4/4	1/1
Ms. Chang Qing	Non-executive Director	Female	4/4	1/1
Mr. Lu Yao	Independent non-executive Director	Male	4/4	1/1
Ms. Zheng Hong	Independent non-executive Director	Female	4/4	1/1
Mr. Hu Hui	Independent non-executive Director	Male	4/4	1/1

Continuous professional development

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

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

For the year ended 31 December 2024, one training session was held. All Directors participated in the continuous professional development seminars held. The training record is set out as follows:

Name of Directors	**Attending training session(s) (A)**	**Reading materials (B)**
Mr. Zhao Libing	✓	✓
Mr. Yu Canliang	✓	✓
Ms. Shu Qing	✓	✓
Mr. Nie Jiang	✓	✓
Ms. Chang Qing	✓	✓
Mr. Lu Yao	✓	✓
Ms. Zheng Hong	✓	✓
Mr. Hu Hui	✓	✓

Remarks:

A: attending training sessions, including but not limited to, briefings, seminars, conferences and workshops.

B reading materials, including professional journals and updates relating to economy, general business, corporate governance or director's duties and responsibilities, etc.

BOARD COMMITTEES

The Board has established the following committees under our Board: the Audit Committee, the Remuneration Committee and the Nomination Committee. The committees operate in accordance with their respective terms of reference established by our Board.

Audit Committee

The Audit Committee was established by the Company on 21 February 2024 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee consists of three members, namely Mr. Hu Hui, Mr. Lu Yao and Ms. Zheng Hong, all of whom are our independent non-executive Directors. The chairman of the Audit Committee is Mr. Hu Hui. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the Year, the Audit Committee held three meetings and the work performed by the Audit Committee was summarised as follows:

(i) reviewed the Group's financial and position, accounting policies and practices;

(ii) reviewed the effectiveness of our Group's financial controls as well as risk management and internal control systems;

(iii) reviewed the independence and the re-appointment of external auditors;

(iv) reviewed the audit plan, internal control plan, the development in accounting standards and their effects on our Group, financial reporting and risk management matters; and

(v) reviewed the interim results and the interim report of the Company for the six months ended 30 June 2024 and the annual results and annual report for the year ended 31 December 2024.

The Audit Committee was of the opinion that the preparation of such financial information complied with the applicable accounting standards and requirements under the Listing Rules and that adequate disclosures had been made. All members of the Audit Committee attended the meetings.

The attendance record of each Audit Committee member at the meeting is set out below:

Name of the Directors	Attendance/Number of meetings
Mr. Hu Hui (chairman)	3/3
Mr. Lu Yao	3/3
Ms. Zheng Hong	3/3

The primary duties of the Audit Committee include but are not limited to:

- ensuring the integrity of the Company's financial information by reviewing the Company's financial statements, annual result announcement, half-year report, annual report and accounts and assess the significant financial reporting judgments before submission to the Board;
- reviewing and supervising the financial reporting process and internal control system of our Group;

- managing the relationship with the external auditors, including but not limited to making recommendation to the Board on the appointment, re-appointment and removal of external auditors, reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, discussing with the auditors the nature and scope of the audit and reporting obligations, and developing and implementing policy on engaging external auditor to provide non-audit services;

- overseeing the Company's financial reporting system, risk management and internal control systems and with management to ensure that management has performed its duty to have effective systems; and

- developing, reviewing and monitoring the Company's policies and practices on corporate governance issues, including but limited to training and continuous professional development of Directors and senior management, and the Company's compliance with legal and regulatory requirements and the Corporate Governance Code.

Remuneration Committee

The Company established the Remuneration Committee on 21 February 2024 with written terms of reference in compliance with the CG Code. The Remuneration Committee consists of three members, namely Mr. Lu Yao, Ms. Zheng Hong and Mr. Hu Hui, all of whom are our independent non-executive Directors. The chairman of the Remuneration Committee is Mr. Lu Yao. The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Year, the Remuneration Committee held two meetings and the work performed by the Remuneration Committee was summarised as follows:

(i) reviewed the performance of the executive Directors and senior management; and

(ii) reviewed and assessed the remuneration packages for the directors (including the fees for non-executive Directors) and senior management. Ensured it is aligned with the company's performance and made recommendations to the Board on the remuneration packages.

All members of the Remuneration Committee attended the meeting.

The attendance record of each Remuneration Committee member at the meeting is set out below:

Name of the Directors	Attendance/Number of meetings
Mr. Lu Yao (chairman)	2/2
Ms. Zheng Hong	2/2
Mr. Hu Hui	2/2

The primary duties of the Remuneration Committee include but are not limited to:

- Reviewing and making recommendations to the Board on the company's overall remuneration policy of all Directors and senior management to ensure it remains competitive, transparent, and aligned with best practices in corporate governance;

- Ensuring that the company's remuneration practices comply with applicable legal, regulatory, and governance requirements;

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

- assessing the performance of executive Directors, approving the terms of executive Directors' service contracts, and ensuring none of our Directors involved in deciding their own remuneration;

- making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, which should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- making recommendations to the Board on the fees of the non-executive Directors;
- reviewing and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive;
- reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- reviewing and/or approving matters relating to share schemes under Chapter 17, and make recommendations to the Board on related matters.

Nomination Committee

The Company established the Nomination Committee on 21 February 2024 with written terms of reference in compliance with the CG Code. The Nomination Committee consists of four members, namely Mr. Zhao Libing, Mr. Lu Yao, Ms. Zheng Hong and Mr. Hu Hui. The chairman of the Nomination Committee is the executive Director Mr. Zhao Libing and members of the Nomination Committee are all independent non-executive Directors. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the Year, the Nomination Committee held two meetings and the work performed by the Nomination Committee was summarised as follows:

(i) reviewed and confirmed the structure, size and diversity of the Board;

(ii) assessed the independence of the independence non-executive Directors;

(iii) assessed the candidate and incumbent on criteria such as gender, age, cultural and educational background or professional experience and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision;

(iv) ensured the Board is balanced and adheres to the best practices of corporate governance;

(v) reviewed and confirmed the Board has a diverse mix of skills, knowledge, experience and gender; and

(vi) reviewed the Board Diversity Policy.

All members of the Nomination Committee attended the meeting.

The attendance record of each Nomination Committee member at the meeting is set out below:

Name of the Directors	**Attendance/Number of meetings**
Mr. Zhao Libing *(Chairman)*	2/2
Mr. Lu Yao	2/2
Ms. Zheng Hong	2/2
Mr. Hu Hui	2/2

The primary duties of the Nomination Committee include but are not limited to:

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

- developing the criteria, process and procedures for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited to assessing the balance of skills, knowledge and experience as well as diversification of Board members;

- assessing the independence of independent non-executive Directors;

- making recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and chief executive officer of the Group;

- identifying individuals suitably qualified to become a member of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships; and

- reviewing the Board's diversity policy (the "Board Diversity Policy") to ensure its continued effectiveness and monitor the gender ratios in the workforce (including senior management) and report annually in the corporate governance report.

Board and Workforce Diversity

The Board has adopted the board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity on our Board in order to enhance the quality of its performance. Such policy provides that the Company should endeavour to ensure that the Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy. Pursuant to the Board Diversity Policy, at least one member of the Board shall be female, and we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. All Board appointments will be based on meritocracy, having due regard to the attributes that the new Director will bring to the Board to complement and enrich the competencies, experience and perspectives of the Board.

The Board comprises of eight members, including three female Directors. The Directors have a balanced portfolio of knowledge and skills, including sales and marketing, business management and development, finance and accounting, corporate management, legal affairs and corporate governance and investment management. They obtained degrees in various fields such as communication engineering, computer networking technology, computer technology and application, law, business administration, accounting and finance. The age of the Directors ranges from 38 years old to 51 years old. The Company will also continue to take steps to promote diversity in all aspects at all levels of the Company, including but without limitation at our Board and senior management levels. In particular, our chief financial officer, who is responsible for supervising the financial management of the Group, is a female executive Director and a member of our senior management team. As at the date of this report, the Board had three female Directors, representing 37.5% of the Board. The Board targets to maintain at least the current level of female representation and will continue to take steps to promote gender diversity at the Board of our Company. Going forward, we will strive to achieve gender balance of the Board in the long run through certain measures to be implemented by our Nomination Committee in accordance with our board diversity policy and nomination policy. To further ensure gender diversity of our Board in a long run, our Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our Nomination Committee periodically in order to develop a pipeline of potential successors to our Board to promote gender diversity of our Board.

The Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee will annually review the Board Diversity Policy to ensure its continued effectiveness and monitor the gender ratios in the workforce (including senior management) and report annually in our corporate governance report about the implementation of the Board Diversity Policy. As at 31 December 2024, the Group had a relatively balanced workforce overall in terms of gender distribution. The gender ratio in the workforce (including senior management) for the Reporting Period is approximately 1:1 (female:male). The Group supports diversity across a variety of perspectives, the key areas of which are similar to those for the Board diversity. The total gender diversity of the Group is balanced, and the Group will continue to maintain the gender diversity in workforce. For further details of gender ratio, please refer to the disclosure in the ESG report. The Nomination Committee will report annually to the Shareholders in the corporate governance section of the annual report of the Company on the process adopted in relation to the Board appointments and the consideration given to the diversity on the Board, including the biographical details of each Director.

Corporate Governance Functions

The Board is responsible for determining the policy for the corporate governance of the Company performing the functions set out in the Code Provision A.2.1 of the CG Code.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibilities for preparing the Company's financial statements for each financial year and to ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements in accordance with statutory and/or regulatory requirements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement by the auditor of the Company about their reporting responsibilities and opinion on the financial statements is set out in the Independent Auditor's Report on pages 68 to 71 of this report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has an internal audit function. The Board has the responsibility to maintain effective risk management and internal control systems. As the Company are subject to various risks during operation, therefore, we have established and maintained comprehensive risk management and internal control policies that we consider to be necessary to our business operations in various aspects such as (i) financial reporting, (ii) credit management, (iii) information technology, (iv) operational management and (v) human resources. The Board has the overall responsibility of maintaining sound risk management and internal control systems within the Group and is responsible for identifying and assessing significant risks that the Group may have during our operations. However, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatements or losses.

During the year ended 31 December 2024, our Board supervised the design, implementation and monitoring of the risk management and internal control systems, and conducted annual review of the adequacy and effectiveness of the risk management and internal control systems of our Group. Such review covered all major control aspects of our Group, including financial, operational and compliance controls. Our Board is of the view that the risk management and internal control systems of our Company for the year ended 31 December 2024 is effective and adequate.

The risk management and internal control systems of the Group cover all operation departments to ensure that our Group could effectively manage the key factors that might affect our Group in achieving its strategic objectives, such factors including events, accidents or behaviors with a material impact on the reputation, assets, capital, profit or liquidity of the Group.

Our Directors believe that compliance creates value for us and dedicate to cultivating a compliance culture among all of our employees. We keep abreast and monitor the ongoing compliance by our Company with the relevant laws and regulations that govern our business operations in all material respects and oversee the implementation of any necessary measures. We also keep abreast of the latest regulatory updates and requirements in light of the rapidly expanding and evolving nature of our mobile advertising business. Our Directors are responsible for the establishment and updates of our internal control systems while our senior management monitors the daily implementation of relevant procedures and measures across our Group on an ongoing basis to ensure the effectiveness of the internal control systems in identifying and mitigating the risks involved in our daily operation. In order to ensure such compliance culture is embedded into everyday workflow and set the expectations for individual behaviour across our Group, and to continuously improve our corporate governance, we have implemented and/or will implement the following measures:

(a) we have established an Audit Committee to assist our Directors in providing an independent view of the effectiveness of the financial reporting process, reviewing internal control and legal compliance of our Group and overseeing the internal audit process of our Group. The Audit Committee consists of three independent non-executive Directors and its chairman has appropriate professional qualifications. Please refer to the section headed "Directors and senior management" of this report;

(b) we have engaged legal advisers to provide ongoing legal advice to us in relation to future compliance with the PRC and Hong Kong laws and regulations in all material respects;

(c) we have arranged for our Directors and senior management to attend a training programme on the relevant applicable laws and regulations, including the Listing Rules, provided by our Hong Kong legal advisers prior to the application for Listing. With a view to proactively identify any concerns and issues relating to any potential non-compliance, we will continue to arrange training programmes to be provided by our legal advisers in Hong Kong and PRC and/or any appropriate accredited institution, from time to time and as and when necessary, to update our Directors, senior management and relevant employees on the relevant laws and regulations. In addition, specific training programmes in relation to updates on relevant applicable laws and regulations will also be held when necessary;

(d) we have appointed China Sunrise Capital Limited as our compliance adviser to advise on compliance with the Listing Rules; and

(e) we plan to provide training to employees of managerial level on an annual basis and ad hoc training to all relevant employees when necessary.

Based on the above, our Directors believe that the internal control measures, when implemented, will effectively ensure a proper internal control system and maintain good corporate governance practices of our Group. In view of the measures in place, our Directors are of the view that these internal control measures adopted by us are adequate and effective under the Listing Rules to ensure ongoing compliance with the relevant laws and regulations by our Group.

INDEPENDENT AUDITOR'S REMUNERATION

The remuneration paid/payable to the independent auditor of the Company for the year ended 31 December 2024 is set out as follows:

Service rendered	**Fee paid/payable**
	RMB'000
Audit services	2,154

For the year ended 31 December 2024, there was no non-audit service provided by the independent auditor of the Company.

JOINT COMPANY SECRETARIES

Mr. Nie, executive Director and chief operating officer is one of the joint company secretaries of our Company, and responsible for the overall operational management and overseeing administration, compliance and sales and marketing for our Group.

We have appointed Mr. Lee Cheuk Wang ("Mr. Lee") as another joint company secretary of our Company to assist Mr. Nie in discharging his duties as a joint company secretary, including compliance matters relating to the Listing Rules and other Hong Kong regulatory requirements for a period of three years commencing from the Listing Date. Mr. Lee is an external service provider and Mr. Nie is the primary contact person of the Company who would communicate with Mr. Lee on the Company's matters.

For Mr. Nie's and Mr. Lee's biographic details, please refer to the section headed "Directors and Senior Management" of this report.

For the year ended 31 December 2024, Mr. Lee has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels.

Procedures for the convening of an extraordinary general meeting by the Shareholders and putting forward proposals and procedures.

Under the Articles, an extraordinary general meeting ("EGM") may be convened by the Board upon requisition of one or more Shareholders holding not less than one tenth of the paid up capital of the Company having the right of voting at general meetings of the Company. The Shareholder(s) shall make a written requisition to the Board or the company secretary at the principal place of business of the Company in Hong Kong, specifying the shareholding information of the Shareholder(s), his/her/its contact details and the proposal regarding any specifying transaction/business and its supporting documents.

If within 21 days of such deposit, the Board fails to proceed to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Making enquiries to the Board

The shareholders shall direct their questions about their shareholdings to the principal place of business of the Company in the PRC at 9/F, Block D, Xingdi Center, Building 4, No. 10, Jiuxianqiao North Road, Jiangtai Township, Chaoyang District, Beijing, the PRC (email address: nj@lscx.com.cn).

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

The Company maintains a website at www.lscx.com.cn as a communication platform with Shareholders and investors, where information on the announcements, financial information and other information of the Company are available for public access.

Besides, shareholders' meetings provide an opportunity for communication between the Board and the Shareholders, Board members, in particular, either the chairmen of Board Committees or their delegates, appropriate management executives and external auditors (as the case may be) will be available at the meeting to answer any questions raised by the Shareholders.

The Company has also established a shareholders communication policy to ensure the Shareholders are provided with timely information about the Company. The policy is regularly reviewed to ensure its effectiveness. The Board reviewed the Group's shareholders and investor engagement and communication activities conducted in the year ended 31 December 2024 and was satisfied with the implementation and effectiveness of the communication policy.

The second amended and restated memorandum of association of the Company was adopted with effect from 18 October 2022 and the third amended and restated articles of association of the Company was adopted with effect from 8 March 2024. There was no amendment made to the memorandum of association and the articles of association of the Company in the year ended 31 December 2024.

REPORT OF DIRECTORS

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

GENERAL INFORMATION

Our Company was incorporated in the Cayman Islands under the Companies Act (As Revised) of the Cayman Islands (the "Companies Act") as an exempted company with limited liability on 22 June 2020. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 29 March 2022 and the principal place of business in Hong Kong is at 2206–19 Jardine House, 1 Connaught Place, Central, Hong Kong.

PRINCIPAL ACTIVITIES

We are a mobile advertising service provider in the PRC and mainly provide comprehensive mobile advertising services to our customers for marketing of their brands, products and/or services on media platforms operated by our media partners. Our services include mobile marketing planning, traffic acquisition, production of ad creatives, ad placements, ad optimisation, ad campaign management and ad distribution. We aim at optimising publicity of mobile ads and maximising their exposure to target mobile users to achieve our customers' marketing goals and improve their return on investment. We are capable of providing comprehensive mobile advertising solutions services as well as one or more of these services, such as production of ad creatives, ad optimisation and ad distribution, to customers to serve their different needs. The activities of the principal subsidiaries of our Company during the year ended 31 December 2024 is set out in note 11 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group, the outlook of future development of the business of the Group as well as a discussion and analysis of performance of the Group during the year ended 31 December 2024 and the material factors underlying its financial performance and financial position as required by section 388(2) and Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) can be found in the section headed "Management Discussion and Analysis" of this report. The financial risk management of the Group are set out in note 19 to the consolidated financial statements of this report

Discussions on the environmental policies and performance, compliance by the Group with the relevant laws and regulations that have a significant impact on the Group and the account of the key relationships of the Group with its stakeholders are set out in the "Environmental, Social and Governance Report" on pages 21 to 43 of this report. The Group recognises that various stakeholders including employees, customers and suppliers and other business associates are key to Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationship with them.

A summary of the operating results and financial position of the Group for the last five financial years is set out on page 115 of this report. This summary does not form part of our consolidated financial statement.

USE OF THE NET PROCEEDS FROM THE GLOBAL OFFERING

The Company was successfully listed on the Main Board of the Stock Exchange on 8 March 2024 with the gross proceeds from the Listing amounted to approximately HKD137.5 million (equivalent to approximately RMB124.8 million). The net proceeds of approximately HKD85.5 million will be applied in the manner as set out below:

Future Plans	% of the net proceeds	HKD million	Expected timeline of fully utilise the use of net proceeds	Utilised net proceeds during the year ended 31 December 2024 HKD million	Unutilised net proceeds as of 31 December 2024 HKD million
To expand our mobile advertising business in the PRC	40.0	34.1	By 30 June 2025	31.6	2.5
To expand our short video production capacities	20.0	17.1	By 30 June 2025	3.4	13.7
To enhance and upgrade the functions of our self-developed platform	20.0	17.1	By 30 June 2025	2.2	14.9
To explore business collaboration and merger and acquisition opportunities with well-established companies	10.0	8.6	By 30 June 2025	–	8.6
General working capital	10.0	8.6		8.6	–
Total	100.0	85.5		45.8	39.7

During the period from the Listing Date and up to 31 December 2024, the Net Proceeds had been used according to the purposes as stated in the prospectus of the Company dated 29 February 2024 (the "Prospectus"), and there was no material change or delay in the use of the Net Proceeds.

The Group will continue to utilise the Net Proceeds from the initial public offering as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income and the consolidated statement of financial position on pages 72 to 75 of this report.

FINAL DIVIDEND

The Directors did not propose the payment of any dividend for the year ended 31 December 2024 (for the year ended 31 December 2023: Nil).

The objective of the Company's dividend policy is to allow Shareholders to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth.

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Articles, all applicable laws and regulations and the factors set out below:

- the Group's results of operations and cash flows;
- the Group's future prospects;
- general business conditions;
- the Group's capital requirements and surplus;

- contractual restrictions on the payment of dividends by the Company to its Shareholders or by subsidiaries to the Company;
- statutory and regulatory restrictions; and
- any other factors the Board may deem relevant.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group. Such factors are not exhaustive and therefore other risks and uncertainties may also exist.

- the Group relied on our five largest suppliers in the year ended 31 December 2024, to acquire advertising space for placement of mobile ads;
- the Group may fail to retain, deepen or expand our relationship with the existing or new media partners which are crucial to our business operation and future development;
- the return from our advertisement distribution services may diminish;
- any decrease in the rebates offered by our media partners may have adverse effect on our business and results of our operations;
- our exposure to risk of disintermediation if our media partners transact with advertisers directly;
- our ability to provide effective proposal on bidding price for advertising space may affect the results of ad placements and the effectiveness of our customers' mobile ads;
- the Group generated more than half of our revenue from our five largest customers for the year ended 31 December 2024;
- the competition of the mobile advertising industry is fragmented and competitive;
- the Group may face certain risks in adaptation to technological developments in the mobile advertising industry;
- the Group may face certain risks in collecting our trade receivables, and any failure to collect receivables from our customers could have a material adverse effect on our business, financial condition and results of operations; and
- the Group may make prepayments to suppliers before arranging the bidding of advertising space which may impose substantial cash requirements for funding our services and expose the Group to credit and liquidity risks as well as working capital insufficiency due to the mismatch in timing between the prepayment for the acquisition of advertising space from media partners and the receipt of payment from our customers and we may not be able to recover our prepayments in a timely manner from our media partners.

MAJOR CUSTOMERS AND SUPPLIERS

Revenue attributable to the five largest customers and the largest customer of the Group accounted for approximately RMB367.8 million and RMB159.9 million, respectively, representing approximately 54.0% and 23.5%, respectively, of the total revenue of the Group for the year ended 31 December 2024. Purchases attributable to the five largest suppliers and the largest supplier of the Group accounted for approximately RMB546.5 million and RMB255.7 million, respectively, representing approximately 94.2% and 44.1%, respectively, of the cost of services of the Group for the year ended 31 December 2024.

Different suppliers/customers under the same holding group or company were grouped together for the purpose of calculating the contribution from top customers/suppliers.

None of the Directors, nor any of their close associates (as defined in the Listing Rules), nor any Shareholders (which to the best knowledge and belief of the Directors, own more than 5% of the total issued share capital (excluding treasury shares) of the Company), had material interest in the five largest customers or suppliers of the Group during the year ended 31 December 2024.

INFORMATION ON EMPLOYEES

As at 31 December 2024, the Group had 150 full-time employees (2023: 118), all of whom were based in PRC. Total staff costs were approximately RMB22.3 million, as compared to approximately RMB22.2 million for the year ended 31 December 2023. As required under PRC regulations, the Group participates in various employee social security plans that are organised by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans. The Group focuses on attracting top talent, retaining skilled employees, and developing their potential to drive long-term success. The group also provides both internal and external training opportunities to enhance our employees' skills and expertise.

SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED COMPANIES

Details of the principal subsidiaries of the Company are set out in note 11 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of our Group during the year ended 31 December 2024 are set out in note 10 to the consolidated financial statements.

SHARE CAPITAL

The Company issued 125,000,000 new Shares at the issue price of HK$1.10 per Share in connection with the Listing. The net proceeds, after deducting the underwriting fees, commissions and expenses payable by the Company in connection with the Listing, amounted to approximately HK$85.5 million. The net price per new Share issued is approximately HK$0.68 per Share.

For details of movements in share capital of the Company during the year ended 31 December 2024 are set out in note 18 to the consolidated financial statements in this report.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2024 are set out in the consolidated statement of change in equity and note 18 to the consolidated financial statements in this report.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution (including share premium and retained earnings) amounted to approximately RMB93.2 million (2023: nil).

FINANCIAL RESULTS

A summary of the results, assets, liabilities of the Group for the past five financial years is set out on page 115 of this report.

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

Neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities of the Company since the Listing Date and up to the date of this report.

EQUITY-LINKED AGREEMENTS

Save as disclosed elsewhere in this report, during the year ended 31 December 2024, neither the Company nor any of its subsidiaries had entered into (i) any agreement that will or may result in the Company issuing Shares; or (ii) any agreement requiring the Company to enter into any agreement specified in (i).

PRE-EMPTIVE RIGHTS

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

BANK LOANS

Particulars of bank loans of the Group as at 31 December 2024 are set out in note 15 to the consolidated financial statements in this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2024, to the best knowledge of the Directors, there was no material breach of or non-compliance with applicable laws and regulations which have a significant impact on the business and operations of the Group.

DIRECTORS AND THEIR SERVICE CONTRACTS

The Directors during the year ended 31 December 2024 and up to the date of this report were:

Executive Directors:

Mr. Zhao Libing *(Chairman of the Board)*
Mr. Yu Canliang *(Chief executive officer)*
Ms. Shu Qing
Mr. Nie Jiang

Non-executive Director:

Ms. Chang Qing

Independent Non-executive Directors:

Mr. Lu Yao
Ms. Zheng Hong
Mr. Hu Hui

The biographical details of the Directors and the senior management of the Group are disclosed in the section headed "Directors and Senior Management" of this report.

Each of the executive Directors has entered into a service contract with the Company, under which they agreed to act as executive Directors for an initial term of three years commencing from the Listing Date, which can be terminated by either party giving to the other not less than three months' prior written notice.

The non-executive director has entered into a service agreement with the Company for an initial term of three years commencing from the Listing date, which can be terminated by not less than three months' notice in writing served by the non-executive director or the Company.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years commencing from the Listing Date, which can be terminated by not less than three months' notice in writing served by the independent non-executive director or the Company.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

No Director has entered a service contract with members of the Group which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and all of them are considered to be independent.

MANAGEMENT CONTRACTS

Other than the service contracts and appointment letters of the Directors, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2024 or subsisted at the end of the year ended 31 December 2024.

DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transaction, arrangement and contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party and in which any Director of the Company or an entity connected with any Director has a material interest, whether directly or indirectly, subsisted as at 31 December 2024 or at any time during the year ended 31 December 2024.

DEED OF NON-COMPETITION

As disclosed in the Prospectus, each of the controlling Shareholders of the Company (the "Controlling Shareholders") has entered into a deed of non-competition on 21 February 2024 (the "Deed of Non-competition") in favour of the Company in respect of their compliance with the terms of non-competition undertaking to the effect that each of them will not, and will procure their subsidiaries (other than the Company) or his/her/its respective close associates not to, directly or indirectly participate in, or hold any interest or right or otherwise be involved in any business which may be in competition with undertakings the principal business of the Group. The non-competition undertakings in respect of the Controlling Shareholders have become effective from the Listing Date.

Each of the Controlling Shareholders has confirmed in writing to the Company of his/her/its compliance with the Deed of Non-competition for disclosure during the year ended 31 December 2024 and up to the date of this report. The independent non-executive Directors have also reviewed the status of compliance by each of the Controlling Shareholders with the undertakings in the Deed of Non-competition and have confirmed that, as far as they can ascertain, there is no breach of any of the undertakings in the Deed of Non-competition.

COMPETING INTERESTS

None of the directors of the Company or their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by the Group which comprises or is likely to compete, directly or indirectly, with the Group's business during the year ended 31 December 2024 and up to the date of this report.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

No contract of significance was entered into between our Company or any of its subsidiaries and the controlling Shareholders of our Company or any of its subsidiaries during the year ended 31 December 2024 or subsisted at the end of the year and up to the date of this report, and no contract of significance for the provision of services to our Company or any of its subsidiaries by a controlling shareholder of our Company or any of its subsidiaries was entered into during the year ended 31 December 2024 or subsisted at the end of the year and up to the date of this report.

EMOLUMENT POLICY

The emoluments of the Directors and senior management of the Group are determined by the Board with reference to the respective responsibilities and duties, experience, individual performance, and time devoted to the Group and may be adjusted upon the recommendation of the Remuneration Committee. The Remuneration Committee was set up for reviewing the emolument policy of the Company and structure of all remuneration of the Directors and senior management of the Company. Other than the Share Option Scheme, no other long-term incentive schemes have been adopted by the Company. For details, please refer to the paragraph headed "Share Option Scheme" below.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals of the Group are set out in notes 7 and 8 to the consolidated financial statements in this report.

For the year ended 31 December 2024, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended 31 December 2024.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2024, by the Group to or on behalf of any of the Directors.

The senior management of the Company comprises the seven Directors. Details of the remuneration by band of the senior management of the Company for the year ended 31 December 2024 are set out below:

Remuneration band	Number of individuals
Nil to RMB500,000	3
RMB500,001 to RMB1,000,000	4

RELATED PARTY TRANSACTIONS

Details of material related party transactions entered into by the Company are set out in note 20 to the consolidated financial statements. None of the related party transactions constitutes a connected transaction or continuing connected transaction that is required to be disclosed under Chapter 14A of the Listing Rules.

SHARE OPTION SCHEME

The existing share option scheme of the Company (the "Share Option Scheme") was approved for adoption pursuant to a written resolution of the Shareholders passed on 21 February 2024 (the "Adoption Date") for the purpose of providing incentive and/or reward to eligible person for their contribution to and continuing effort to promote the interests of the Group. As at the date of this report, the remaining life of the Share Option Scheme is approximately nine years.

A summary of the principal terms of the Share Option Scheme is set out below:

i. Eligible persons

The Board may, at its absolute discretion, offer to grant options to the following persons:

(i) any director (including independent non-executive director) and employee (whether full time or part time) of the Company or the Group who in the sole discretion of the Board has contributed or will contribute to the Group (the "Employee Participant");

(ii) any director and employee of the holding companies, fellow subsidiaries or associated companies of the Company (the "Related Entity Participant"); or

(iii) any person providing services to the Group on a continuing and recurring basis in its ordinary and usual course of business of the Group, the grant of share options (the "Share Option(s)" to whom is in the interests of the long-term growth of the Group as determined by the Board, namely any person providing advisory services and/or consultancy services to the Group after stepping down from an employment or director position with the Group and any person providing, among others, advisory services, consultancy services, sales and marketing services, technology services and/or administrative services to the Group as consultants, independent contractors or agents where the continuity and frequency of their services are akin to those of employees but, for the avoidance of doubt, excluding (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions of the Company or its Subsidiaries, and (ii) professional service providers such as the auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity (the "Service Provider").

ii. Maximum number of Shares available for issue

The total number of Shares which may be issued in respect of all options and awards to be granted under the Share Option Scheme and any other scheme(s) of our Company must not in aggregate exceed 10% of the total number of Shares in issue at the time dealings in the Shares first commence on the Stock Exchange (i.e. not exceeding 50,000,000 Shares) (the "General Scheme Limit") or the relevant date of approval of the refreshment of the General Scheme Limit.

Within the General Scheme Limit, the total number of Shares which may be issued in respect of all options and awards to be granted to the Service Providers under the Share Option Scheme and any other schemes shall not in aggregate exceed 1% of the number of the Shares in issue at the time dealings in the Shares first commence on the Stock Exchange or the relevant date of approval of the refreshment of the Service Provider Sublimit (the "Service Provider Sublimit").

The General Scheme Limit and the Service Provider Sublimit may be refreshed by ordinary resolution of the Shareholders in general meeting every three years from the date of the Shareholders' approval for the last refreshment (or the Adoption Date).

As at 31 December 2024, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme and therefore the total number of Shares available for grant under the General Scheme Limit was 50,000,000 Shares, representing 10% of the issued share capital of the Company, and the total number of Shares available for grant under the Service Provider Sublimit was 5,000,000 Shares, representing 1% of the issued share capital of the Company.

As no options had ever been granted under the Share Option Scheme, the number of shares that may be issued in respect of options granted thereunder during period under review represents 0% of the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the period concerned.

iii. Life of the Share Option Scheme

The Share Option Scheme will be valid and effective for a period of ten years commencing on the Adoption Date, following which period no further grant of Share Options shall be offered but in all other respects the Share Option Scheme shall continue in full force and effect to the extent necessary to give effect to the exercise of any Share Option granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Any Share Options granted prior to such termination, including Share Options exercised or outstanding under the Share Option Scheme, shall continue to be valid and exercisable in accordance with the Share Option Scheme.

iv. Exercise price

The exercise price of any particular Share Option granted under the Share Option Scheme shall be a price determined by the Board and notified to an Eligible Person, and shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made to an Eligible Person, which must be a Business Day (the "Offer Date"); (ii) the average closing price of the Shares as stated in Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Share on the Offer Date. Where a Share Option is to be granted, the date of the Board meeting at which the grant was proposed shall be taken to be the Offer Date for such Share Option.

v. Consideration

Consideration of HK$1.00 is required to be paid by the Eligible Person for the grant under the Share Option Scheme and such payment must be made within 21 days from the date on which the Share Option is granted.

vi. Vesting period and exercise period

The Share Options to be granted under the Share Option Scheme shall be subject to a minimum vesting period of 12 months during which unvested Share Options shall not become vested and exercisable. Any shorter vesting period in respect of Share Options granted to Employees Participants must be approved by the Board and/or the Remuneration Committee (for Share Options granted to the Directors or senior managers) at the Directors' discretion, provided that such Grantee(s) has been specifically identified by the Board before granting such approval. A Share Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the Offer Date but shall end in any event not later than 10 years from the Offer Date subject to the provisions for early termination thereof.

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

As at the Listing Date, the interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in our Company

Name	Nature of interest	Interests in Shares[(1)]	Approximate percentage shareholding
Mr. Zhao[(2)]	Interest in a controlled corporation	356,250,000 (L)	71.25%
Mr. Yu[(3)]	Interest in a controlled corporation	356,250,000 (L)	71.25%
Ms. Shu[(4)]	Interest of spouse	356,250,000 (L)	71.25%

Notes:

(1) The letter “L” denotes the person’s long position in our Shares.

(2) Ka Lok Holdings Limited (“Ka Lok BVI”) is owned as to 57.77% by Quartet Yutong Holdings Limited (“Quartet Yutong BVI”), which is in turn solely owned by Mr. Zhao. By virtue of the SFO, each of Quartet Yutong BVI and Mr. Zhao is deemed to be interested in the Shares in which Ka Lok BVI is interested.

(3) Ka Lok BVI is owned as to 35.55% by Remit Sheng Holdings Limited (“Remit Sheng BVI”), which is in turn solely owned by Mr. Yu. By virtue of the SFO, each of Remit Sheng BVI and Mr. Yu is deemed to be interested in the Shares in which Ka Lok BVI is interested.

(4) Ms. Shu is the spouse of Mr. Yu. By virtue of the SFO, Ms. Shu is deemed to be interested in all the Shares held by Mr. Yu.

Interests in associated corporations of our Company

Name of Associated corporation	Name of Director	Name of interest	Number of shares interested	Approximately percentage of shareholding
Ka Lok BVI	Mr. Zhao[1]	Interest of a controlled corporation	5,777	57.77%
	Mr. Yu[2]	Interest of a controlled corporation	3,555	35.55%
	Ms. Shu[3]	Interest of a controlled corporation	667	6.67%
	Mr. Nie[4]	Interest of a controlled corporation	1	0.01%

Notes:

(1) Mr. Zhao holds the entire equity interest in Quartet Yutong BVI, which holds 5,777 shares of Ka Lok BVI.

(2) Mr. Yu holds the entire equity interest in Remit Sheng BVI, which holds 3,555 shares of Ka Lok BVI.

(3) Ms. Shu holds the entire equity interest in Jing Sing Holdings Limited (“Jing Sing BVI”), which holds 667 shares of Ka Lok BVI.

(4) Mr. Nie holds the entire equity interest in Jiang Oofy Holdings Limited (“Jiang Oofy BVI”), which holds 1 share of Ka Lok BVI.

Save as disclosed above, as of the Listing Date, none of the Directors or the chief executive of our Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code.

RIGHTS OF DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed elsewhere in this report, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

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

Name	Capacity/ Nature of interest held	Number of Shares [(1)]	Approximate percentage of shareholding held in the Company
Ka Lok BVI[(2)]	Beneficial owner	356,250,000 (L)	71.25%
Quartet Yutong BVI[(3)]	Interest in a controlled corporation	356,250,000 (L)	71.25%
Remit Sheng BVI[(4)]	Interest in a controlled corporation	356,250,000 (L)	71.25%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) Ka Lok BVI is owned as to (i) 57.77% by Quartet Yutong BVI, which is solely owned by Mr. Zhao, (ii) 35.55% by Remit Sheng BVI, which is solely owned by Mr. Yu, (iii) 6.67% by Jing Sing BVI, which is solely owned by Ms. Shu, the spouse of Mr. Yu, and (iv) 0.01% by Jiang Oofy BVI, which is solely owned by Mr. Nie. By virtue of the SFO, (i) each of Quartet Yutong BVI and Mr. Zhao and (ii) each of Remit Sheng BVI and Mr. Yu are deemed to be interested in all the Shares held by Ka Lok BVI.

(3) Ka Lok BVI is owned as to 57.77% by Quartet Yutong BVI, which is in turn solely owned by Mr. Zhao. By virtue of the SFO, each of Quartet Yutong BVI and Mr. Zhao is deemed to be interested in the Shares in which Ka Lok BVI is interested.

(4) Ka Lok BVI is owned as to 35.55% by Remit Sheng BVI, which is in turn solely owned by Mr. Yu. By virtue of the SFO, each of Remit Sheng BVI and Mr. Yu is deemed to be interested in the Shares in which Ka Lok BVI is interested.

Save as disclosed above, as of the Listing Date, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

DONATIONS

No charitable or other donations were made by the Group during the year ended 31 December 2024.

SIGNIFICANT LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISIONS

Under the Articles, every Director or other officers of our Company acting in relation to any of the affairs of our Company shall be entitled to be indemnified out of the assets of our Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or willful default. Our Company has arranged for appropriate liability insurance to indemnify the Directors and senior management to reduce the risks that may be caused by the normal performance of duties of such personnel. For the year ended 31 December 2024, no claim has been made against the Directors and senior management.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the financial results of the Group for the year ended 31 December 2024 set out in this report.

CORPORATE GOVERNANCE

Our Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by our Company is set out in the Corporate Governance Report on pages 44 to 55 of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to our Company and within knowledge of the Directors, our Company has maintained a sufficient public float as required under the Listing Rules since the Listing Date and up to the date of this report.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

CLOSURE OF REGISTER OF MEMBERS

The Company will hold an annual general meeting (the "AGM") on Monday, 16 June 2025. Notice of the forthcoming annual general meeting will be published and despatched to the Shareholders in accordance with the articles of association of the Company and the Listing Rules as soon as practicable. For determining the entitlement to attend and vote at the annual general meeting (the "AGM"), the register of members of the Company will be closed from Wednesday, 11 June 2025 to Monday, 16 June 2025, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 10 June 2025.

ANNUAL GENERAL MEETING

The AGM will be held on Monday, 16 June 2025. Shareholders should refer to details regarding the AGM in the circular of the Company dated 29 April 2025 and the notice of meeting and form of proxy accompanying thereto.

AUDITOR

KPMG was appointed as the auditor of the Company for the year ended 31 December 2024. The accompanying financial statements prepared in accordance with IFRS Accounting Standards have been audited by KPMG.

SUBSEQUENT EVENTS

Details of important events subsequent to 31 December 2024 and up to the date of this report are disclosed in note 22 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of Lesi Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Lesi Group Limited ("the Company") and its subsidiaries ("the Group") set out on pages 72 to 114, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 this matter.

KEY AUDIT MATTER *(Continued)*

Revenue recognition

Refer to note 3 to the consolidated financial statements and the accounting policies in note 1(p).

The Key Audit Matter	How the matter was addressed in our audit
The Group's revenue is primarily derived from the provision of mobile advertising services. Revenue is recognised when the Group delivers the promised service to customers. We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group which gives rise to an inherent risk of manipulation to meet targets or expectations and because errors in the recognition of revenue could have a material impact on the Group's result for the year.	Our audit procedures to assess the recognition of revenue included the following: • understanding and evaluating the design, implementation and operating effectiveness of key internal controls over revenue recognition; • challenging the revenue recognition policies adopted by the Group by making enquiries of management, inspecting a sample of sales contracts, understanding of the process of content generation to assess the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards; • comparing revenue recognised during the year, on a sample basis, to settlement statements with customers indicating the customers' agreement of transaction amount for billing; • on a sample basis, comparing sales transactions recorded around the year end with the settlement statements with customers to assess if the related revenue had been recognised in the appropriate accounting period; and • inspecting relevant underlying documentation for journal entries related to revenue which met specific risk-based criteria.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB 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 directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

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 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 Yu Wai Sum.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024
(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Revenue	3	**681,511**	628,026
Cost of services		**(580,073)**	(524,028)
Gross profit		**101,438**	103,998
Other net income	4	**4,582**	1,569
Selling and marketing expenses		**(3,102)**	(3,354)
General and administration expenses		**(27,146)**	(29,020)
Impairment loss on trade and other receivables		**2,505**	(2,533)
Profit from operations		**78,277**	70,660
Finance costs	5(a)	**(2,763)**	(2,245)
Profit before taxation	5	**75,514**	68,415
Income tax	6(a)	**(2,303)**	(2,508)
Profit for the year		**73,211**	65,907
Other comprehensive income for the year (after tax)			
Item that may be reclassified subsequently to profit or loss:			
– Exchange difference on the translation into presentation currency		**3,654**	(1,989)
Other comprehensive income for the year		**3,654**	(1,989)
Total comprehensive income for the year		**76,865**	63,918

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024
(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Profit for the year attributable to:			
Equity shareholders of the Company		**72,489**	65,231
Non-controlling interests		**722**	676
Profit for the year		**73,211**	65,907
Total comprehensive income attributable to:			
Equity shareholders of the Company		**76,143**	63,242
Non-controlling interests		**722**	676
Total comprehensive income for the year		**76,865**	63,918
Earnings per share	*9*		
Basic and diluted (RMB)		**0.15**	0.17

The notes on pages 78 to 115 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 18(b).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024
(Expressed in RMB)

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Non-current assets			
Property and equipment	*10*	**601**	519
Right-of-use assets	*10*	**3,751**	837
Deferred tax assets		**397**	129
		4,749	1,485
Current assets			
Trade and other receivables	*12*	**661,484**	507,033
Restricted bank deposit		**7**	7
Cash and cash equivalents	*13(a)*	**149,421**	76,846
		810,912	583,886
Current liabilities			
Trade and other payables	*14*	**148,949**	91,324
Contract liabilities		**8,809**	4,998
Bank and other loans	*15*	**36,657**	57,500
Lease liabilities	*16*	**2,664**	575
Current taxation	*17*	**5,398**	4,789
		202,477	159,186
Net current assets		**608,435**	424,700
Total assets less current liabilities		**613,184**	426,185
Non-current liabilities			
Lease liabilities	*16*	**640**	–
Deferred tax liabilities	*17*	**528**	493
		1,168	493
NET ASSETS		**612,016**	425,692

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024
(Expressed in RMB)

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Equity			
Share capital	18	**3,537**	130
Reserves	18	**608,479**	423,631
Total equity attributable to equity shareholders of the Company		**612,016**	423,761
Non-controlling interests		**–**	1,931
TOTAL EQUITY		**612,016**	425,692

Approved and authorised for issue by the board of directors on 28 March 2025.

Zhao Libing	**Shu Qing**
Director	*Director*

The notes on pages 78 to 115 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024
(Expressed in RMB)

		Attributable to equity shareholders of the Company							
	Note	Share capital	Share premium	Capital reserve	Exchange reserve	Retained profits	Subtotal	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023		130	1,243	23,512	(117)	335,751	360,519	1,255	361,774
Changes in equity for 2023:									
Profit for the year		–	–	–	–	65,231	65,231	676	65,907
Other comprehensive income		–	–	–	(1,989)	–	(1,989)	–	(1,989)
Balance at 31 December 2023 and 1 January 2024		**130**	**1,243**	**23,512**	**(2,106)**	**400,982**	**423,761**	**1,931**	**425,692**
Changes in equity for 2024:									
Issuance of ordinary shares upon initial public offering	*18(c)*	**887**	**108,947**	**–**	**–**	**–**	**109,834**	**–**	**109,834**
Capitalisation issue	*18(c)*	**2,520**	**(2,520)**	**–**	**–**	**–**	**–**	**–**	**–**
Purchase of the non-controlling equity shares	*18(d)*	**–**	**–**	**2,278**	**–**	**–**	**2,278**	**(2,653)**	**(375)**
Profit for the year		**–**	**–**	**–**	**–**	**72,489**	**72,489**	**722**	**73,211**
Other comprehensive income		**–**	**–**	**–**	**3,654**	**–**	**3,654**	**–**	**3,654**
Balance at 31 December 2024		**3,537**	**107,670**	**25,790**	**1,548**	**473,471**	**612,016**	**–**	**612,016**

The notes on pages 78 to 115 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2024
(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Net cash (used in)/generated from operations	*13(b)*	**(12,315)**	3,668
Tax paid	*17(a)*	**(1,927)**	(3,399)
Net cash (used in)/generated from operating activities		**(14,242)**	269
Investing activities			
Payment for the purchase of property and equipment		**(295)**	(166)
Proceeds from sale of property and equipment		**5**	–
Net cash used in investing activities		**(290)**	(166)
Financing activities			
Proceeds from the initial public offering		**124,802**	–
Proceeds from bank and other loans	*13(c)*	**61,072**	59,800
Repayment of bank and other loans	*13(c)*	**(81,915)**	(35,700)
Capital element of lease rentals paid	*13(c)*	**(2,823)**	(2,278)
Interest paid	*13(c)*	**(2,891)**	(2,025)
Transaction fees paid	*13(c)*	**–**	–
Listing expenses paid		**(10,919)**	(2,245)
Net cash generated from/(used in) financing activities		**87,326**	17,552
Net increase in cash and cash equivalents		**72,794**	17,655
Cash and cash equivalents at 1 January		**76,846**	59,195
Effect of foreign exchange rate changes		**(219)**	(4)
Cash and cash equivalents at 31 December	*13*	**149,421**	76,846

The notes on pages 78 to 115 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is historical cost basis.

The Company has its functional currency in Hong Kong dollars. As majority of the Group's operations are conducted by the Group's subsidiaries in the People's Republic of China (the "PRC") in Renminbi ("RMB"), the financial statements are presented in RMB.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

1 MATERIAL ACCOUNTING POLICIES *(Continued)*

(c) Changes in accounting policies

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB to these financial statements for the current accounting period:

- Amendments to International Accounting Standard ("IAS") 1, Presentation of financial statements – Classification of liabilities as current or non-current ("2020 amendments") and amendments to IAS 1, Presentation of financial statements – Non-current liabilities with covenants ("2022 amendments")

- Amendments to International Financial Reporting Standards ("IFRS") 16, Leases – Lease liability in a sale and leaseback

- Amendments to IAS 7, Statement of cash flows and IFRS 7, Financial instruments: Disclosures – Supplier finance arrangements

None of these developments have had a material effect on how the Group's results and financial position for the current period have been prepared or presented. The Group has not applied any new or amended standard that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(g)) unless it is classified as held for sale.

1 MATERIAL ACCOUNTING POLICIES *(Continued)*

(e) Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see note 1(g)). Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Office equipment	5 years
– Motor vehicles	5 years
– Right-of-use assets	Shorter of assets' useful life or the lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

At the lease commencement date, the Group, as a lessee, recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 1(g)).

1 MATERIAL ACCOUNTING POLICIES *(Continued)*

(g) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts).

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date; and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when (i) the debtor is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES *(Continued)*

(g) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and contract assets (Continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or being more than 90 days past due;

– The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

– property and equipment;
– right-of-use assets; and
– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the assets' recoverable amount is estimate.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. Value in use is based on estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

1 MATERIAL ACCOUNTING POLICIES *(Continued)*

(g) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets (Continued)

An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the CGU on a pro rata basis.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised.

(h) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(p)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 1(i)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(p)).

(i) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 1(g)(i)).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see note 1(g)(i)).

(k) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(l) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(r).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES *(Continued)*

(m) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(n) Income tax

Income tax for the year comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

– taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Deferred tax assets and liabilities are offset only if certain criteria are met.

1 MATERIAL ACCOUNTING POLICIES *(Continued)*

(o) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

The method the Group recognises revenue from its mobile advertising services is affected by the role under each contract with customers. For contracts where the Group acts as a principal, the Group recognises revenue on a gross basis, while for contracts where the Group is acting as an agent, the Group recognises revenue on a net basis.

The Group takes advantage of the practical expedients in IFRS 15 and does not (i) adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less; (ii) disclose the remaining performance obligation as all of the Group's sale contracts have an original expected duration of less than one year and (iii) recognise the incremental costs of obtaining a contract as an expense if the amortisation of the asset is less than one year.

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

(i) Mobile advertising solutions services

The Group provides mobile advertising solutions services, including traffic acquisition from media platforms, content production and advertising campaign optimisation to its customers. The Group recognises revenue when the Group satisfies a performance obligation by transferring the promised service to a customer.

In the arrangement which the Group is acting as a principal and is the primary obligor and responsible for fulfilling the contract, has the power to control the process of content generation that meet the customer's need, revenue is determined based on the gross amount of sales excluding value added tax or other sales taxes, and after deduction of any trade discounts and rebates to advertisers. The Group has control in the specified service before that service is delivered to the advertiser and acts as the principal of these arrangements and therefore recognises revenue earned and costs incurred related to these transactions on a gross basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES *(Continued)*

(p) Revenue and other income *(Continued)*

(i) Advertisement distribution services

The Group provides traffic acquisition service to distribute the advertisements produced by the advertisers. The advertisements are published on the targeted media platforms as determined by the advertisers.

The Group does not control the specified service before the service is delivered to the customer. The Group acts as an agent and reports the amount received from the customers and amounts paid to the media partners related to these transactions on a net basis.

(iii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss over the useful life of the asset.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve, except to the extent that the translation difference is allocated to non-controlling interest.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

1 MATERIAL ACCOUNTING POLICIES *(Continued)*

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(s) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 MATERIAL ACCOUNTING POLICIES *(Continued)*

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

The Group determined that it only has one operating segment.

2 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Determination of revenue recognition on gross or net basis

The Group provides mobile advertising services to its customers, which involve the assessment of revenue recognition on a gross or net basis, i.e. principal vs agent assessment in different business models. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to customer, the indicators of which include but not limited to (a) whether the Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the Group has inventory risk before the specified service has been transferred to a customer, and (c) whether the Group has discretion in establishing the prices for the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgment when assessing the indicators depending on each different circumstance.

(b) Sources of estimation uncertainty

(i) Rebate from media partners

Media partners may grant the Group rebates in various forms. The Group records such rebates as reduction of cost of services under gross basis (where the Group acts as principal), or as revenue under net basis (where the Group acts as agent). The rebates earned by the Group from media partners come with a variety of structures and rates, which are primarily determined based on the contract terms with these media partners, their applicable rebate policies, the business performances of the Group and the discretionary incentive programmes as set up by the media partners.

The Group accrues rebates from media partners based on evaluation as to whether the contractually stipulated thresholds of advertising spend are likely to being reached, or other benchmarks or certain prescribed classification are likely to being qualified. In making this judgement and estimation, the Group evaluates based on the past experience and regular monitoring of various performance factors set within the rebate policies. The actual rebates may be higher or lower than estimated at the end of reporting period, which would affect the revenue or cost of sales recognised in future years as an adjustment to the amounts recorded to date.

2 ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

(b) Sources of estimation uncertainty *(Continued)*

(ii) Allowance for credit losses

Management estimates credit loss allowance using a provision matrix based on the Group's historical credit loss experience, included customer credit-worthiness, and historical write-off experience, and adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. If the financial conditions of the customers were to deteriorate, additional allowance may be required.

3 REVENUE

The principal activities of the Group are providing mobile advertising solutions services and advertisement distribution services to customers. The amount of each major category of revenue from contracts with customers within the scope of IFRS 15 recognised at a point in time is as follows:

	2024	2023
	RMB'000	RMB'000
Mobile advertising solutions services (gross method)	**656,652**	602,109
Advertisement distribution services (net method)	**24,859**	25,917
	681,511	628,026

The Group's customer base includes 2 customers (2023: 2 customers) with whom transactions have exceeded 10% of the Group's revenue. Revenues from each of these 2 customers amounted to approximately RMB159,924,000 and RMB78,344,000, respectively (2023: RMB216,190,000 and RMB76,036,000 for each of the two customers, respectively).

Geographic information

The Group's operations are mainly located in the PRC. All of the Group's revenue is generated from its external customers in the PRC and the Group's non-current assets are located in the PRC.

Contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the advertising services are yet to be provided.

All contract liabilities at the beginning of each reporting period were recognised as revenue in the respective reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

4 OTHER NET INCOME

	2024 RMB'000	2023 RMB'000
Interest income	**2,477**	138
Additional deductible value added tax ("VAT")	**–**	2,514
Others	**2,105**	(1,083)
	4,582	1,569

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2024 RMB'000	2023 RMB'000
Interest expense	**2,621**	2,153
Interest on lease liabilities	**142**	92
	2,763	2,245

(b) Staff costs

	2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits	**19,686**	19,588
Contributions to defined contribution retirement plan	**2,628**	2,598
	22,314	22,186

Employees of the Group's subsidiaries in the PRC are required to participate in defined contribution retirement schemes administered and operated by the local municipal governments. The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal governments to the schemes to fund the retirement benefits of the employees. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

5 PROFIT BEFORE TAXATION *(Continued)*

(c) Other items

	2024 RMB'000	2023 RMB'000
Auditors' remuneration	**2,154**	800
Depreciation of property, plant, and equipment and right-of-use assets (note 10)	**2,826**	2,145
Impairment losses on trade and other receivables	**(2,505)**	2,533
Listing expenses	**2,008**	10,777

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of comprehensive income represents:

	2024 RMB'000	2023 RMB'000
Current tax	**2,536**	2,432
Deferred tax	**(233)**	76
	2,303	2,508

(b) Reconciliation between tax expense and accounting profit at applicable tax rates

	2024 RMB'000	2023 RMB'000
Profit before taxation	**75,514**	68,415
Tax calculated at statutory tax rates applicable to profits in the respective jurisdictions	**19,570**	18,422
Tax effect of:		
Non-deductible expenses	**78**	479
Additional deductible allowance for research and development expenses	**(1,491)**	(1,373)
Utilisation of temporary differences previously not recognised	**–**	(32)
Statutory tax concession	**(15,793)**	(15,027)
Others	**(61)**	39
Actual tax expense	**2,303**	2,508

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates *(Continued)*

In accordance with the Enterprise Income Tax Law ("Income Tax Law") of the PRC, the statutory income tax rate is 25%. The Group entities in the PRC are subject to PRC income tax at 25% unless otherwise specified.

Pursuant to the rules and regulations of Khorgos, one subsidiary of the Group is entitled to a tax-free period from 2020 to 2024, and another subsidiary of the Group enjoys a preferential tax rate of 15% from 2022 to 2026.

According to the Income Tax Law, a subsidiary of the Group is recognised as a high-tech enterprise and enjoyed a preferential tax rate of 15% in 2024 and 2023.

In addition, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC income tax law and its relevant regulations.

Taxation for group entities in other tax jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

The Group is in the process of making an assessment of the Group's exposure from the enactment of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development and considers that the enactment of the rules is unlikely to have a significant impact on the consolidated financial statements.

7 DIRECTORS' EMOLUMENTS

Directors' emoluments are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	2024 Total RMB'000
Mr. Zhao Libing	100	679	–	66	845
Mr. Yu Canliang	100	679	–	66	845
Mr. Nie Jiang	100	657	–	68	825
Ms. Shu Qing	200	362	–	47	609
Ms. Chang Qing	–	–	–	–	–
Mr. Lu Yao (appointed on 20 February 2024)	92	–	–	–	92
Ms. Zheng Hong (appointed on 20 February 2024)	92	–	–	–	92
Mr. Hu Hui (appointed on 20 February 2024)	92	–	–	–	92
	776	2,377	–	247	3,400

7 DIRECTORS' EMOLUMENTS *(Continued)*

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	2023 Total RMB'000
Mr. Zhao Libing	–	310	140	56	506
Mr. Yu Canliang	–	990	140	56	1,186
Mr. Nie Jiang	–	704	50	65	819
Ms. Shu Qing	–	197	122	38	357
Ms. Chang Qing	–	–	–	–	–
	–	2,201	452	215	2,868

The directors' emoluments represented the amounts paid or payable for their services rendered to the Group during the 2024 and 2023, including those for services rendered by them as key management personnel prior to their appointments as directors of the Company.

There was no incentive payment for joining the Group or compensation for loss of office paid or payable to any of the directors during the years ended 31 December 2024 and 2023. There was no arrangement under which a director has waived or agreed to waive any remuneration during 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2023: two) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other individuals are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other emoluments	1,326	1,642
Discretionary bonuses	-	148
Retirement scheme contributions	131	191
	1,457	1,981

The emoluments of the above individuals with the highest emoluments are within the following band:

	2024 Number of individuals	2023 Number of individuals
Nil to HK$1,000,000	2	3

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholder of the Company of RMB72,489,000 (2023: RMB65,231,000), and the weighted average of 477,397,000 ordinary shares (2023: 375,000,000 ordinary shares) deemed to be in issue during the year ended 31 December 2024.

Pursuant to the written resolution passed by the shareholders of the Company on 21 February 2024, the Company capitalised an amount of US$355,000 from share premium and issued 355,000,000 shares to the Company's existing shareholders on 8 March 2024, immediately prior to the listing of the Company's shares. Accordingly, the weighted average number of shares has been adjusted retrospectively from 1 January 2023 for such capitalisation issue.

Weighted average number of ordinary shares

	2024 No. of shares ('000)	2023 No. of shares ('000)
Shares in issue on 1 January	20,000	20,000
Effect of capitalisation issue	355,000	355,000
Effect of issuance of ordinary shares upon initial public offering	102,397	–
Shares deemed to be in issue on 31 December	477,397	375,000

9 EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share

Diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares for the years ended 31 December 2024 and 2023.

10 PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Property and equipment

	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost			
At 1 January 2023	1,256	556	1,812
Additions	177	–	177
Disposals	(9)	(350)	(359)
At 31 December 2023 and 1 January 2024	**1,424**	**206**	**1,630**
Additions	**286**	**–**	**286**
Disposals	**(231)**	**–**	**(231)**
At 31 December 2024	**1,479**	**206**	**1,685**
Accumulated depreciation			
At 1 January 2023	731	528	1,259
Charge for the year	192	–	192
Written back on disposals	(7)	(333)	(340)
At 31 December 2023 and 1 January 2024	**916**	**195**	**1,111**
Charge for the year	**188**	**–**	**188**
Written back on disposals	**(215)**	**–**	**(215)**
At 31 December 2024	**889**	**195**	**1,084**
Net book value			
At 31 December 2024	**590**	**11**	**601**
At 31 December 2023	508	11	519

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

10 PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(Continued)*

(b) Right-of-use assets

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
At 1 January	**837**	2,790
Additions	**5,552**	–
Depreciation for the year	**(2,638)**	(1,953)
At 31 December	**3,751**	837

The right-of-use assets represented the leased office premises. The additions represent capitalised lease payments payable under new tenancy agreements.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets	**2,638**	1,953
Short term lease	**216**	511
Interest on lease liabilities	**142**	92

Details of total cash outflow for leases and maturity analysis of lease liabilities are set out in Notes 13(c) and 16 respectively.

(Expressed in RMB unless otherwise indicated)

11 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of company	Place of incorporation and principal country of operation	Particulars of registered/ paid up capital	Proportion of ownership interest indirectly held by the Company	Principal activity
Beijing Lesimedia Technology Co., Ltd. (北京樂思創信科技有限公司)	PRC	RMB5,714,300/ RMB5,714,300	100%	Mobile advertising services
Khorgos Lechuang Information Technology Co., Ltd. (霍爾果斯樂創信息科技有限公司)	PRC	RMB3,000,000/ RMB–	100%	Mobile advertising services
Beijing Lexiao Information Technology Co., Ltd. (北京樂效信息科技有限公司)	PRC	RMB1,000,000/ RMB100,000	100%	Mobile advertising services
Khorgos Lemon Technology Co., Ltd. (霍爾果斯檸檬科技有限公司)	PRC	RMB3,050,000/ RMB–	100%	Mobile advertising services
Hunan Lesimedia Technology Co., Ltd. (湖南樂思創信科技有限公司)	PRC	RMB3,000,000/ RMB3,000,000	100%	Mobile advertising services

All these principal subsidiaries are limited liability companies established in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

12 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2024 RMB'000	2023 RMB'000
Trade debtors and bills receivable, net of loss allowance	**451,807**	155,269
Prepayments to suppliers	**192,061**	307,282
Deposits paid to media partners	**5,750**	7,792
Deductible input VAT	**6,179**	6,345
Listing expenses to be capitalised	**–**	6,214
Rebates due from media partners	**2,784**	21,226
Amounts due from a shareholder (Note 20)	**28**	123
Other deposits	**1,963**	1,949
Others	**912**	833
	661,484	507,033

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis of trade receivables

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

	2024 RMB'000	2023 RMB'000
Within 6 months	**325,495**	114,693
6 to 12 months	**126,296**	30,409
12 to 24 months	**16**	10,167
	451,807	155,269

The credit terms agreed with customers are normally 0–90 days from the date of invoicing. No interests are charged on the trade receivables. Further details on the Group's credit policy are set out in Note 19(a).

12 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

(b) Prepayments to suppliers

Prepayments to suppliers mainly represented the traffic acquisition costs prepaid for the customers of the Group.

	2024 RMB'000	2023 RMB'000
Prepayments to suppliers	**196,434**	314,884
Provision made	**(4,373)**	(7,602)
	192,061	307,282
Expected loss rate	**2.2%**	2.4%

13 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2024 RMB'000	2023 RMB'000
Cash at bank	**149,364**	76,721
Cash on hand	**57**	125
	149,421	76,846

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2024 RMB'000	2023 RMB'000
Profit before taxation		**75,514**	68,415
Adjustments for:			
Impairment losses on trade and other receivables		**(2,505)**	2,533
Depreciation	*5(c)*	**2,826**	2,145
Finance costs	*5(a)*	**2,763**	2,245
Net loss on disposal of property and equipment		**11**	–
Changes in working capital:			
Trade and other receivables		**(158,428)**	(65,996)
Restricted bank deposit		**–**	(2)
Trade and other payables		**63,693**	(4,276)
Contract liabilities		**3,811**	(1,396)
Cash (used in)/generated from operations		**(12,315)**	3,668

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

13 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank and other loans	Interest payable	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 15)	(Note 14)	(Note 16)	
At 1 January 2023	33,180	127	2,854	36,161
Changes from financing cash flows:				
Proceeds from bank and other loans	59,800	–	–	59,800
Repayment of bank and other loans	(35,700)	–	–	(35,700)
Capital element of lease rentals paid	–	–	(2,278)	(2,278)
Interest paid	–	(1,932)	(93)	(2,025)
Total changes from financing cash flows	24,100	(1,932)	(2,371)	19,797
Other changes:				
Interest expenses (Note 5(a))	220	1,933	92	2,245
Total other changes	220	1,933	92	2,245
At 31 December 2023	57,500	128	575	58,203

13 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities arising from financing activities *(Continued)*

	Bank and other loans RMB'000 (Note 15)	Interest payable RMB'000 (Note 14)	Lease liabilities RMB'000 (Note 16)	Total RMB'000
At 1 January 2024	57,500	128	575	58,203
Changes from financing cash flows:				
Proceeds from bank and other loans	61,072	–	–	61,072
Repayment of bank and other loans	(81,915)	–	–	(81,915)
Capital element of lease rentals paid	–	–	(2,823)	(2,823)
Interest paid	–	(2,749)	(142)	(2,891)
Total changes from financing cash flows	(20,843)	(2,749)	(2,965)	(26,557)
Other changes:				
Interest expenses (Note 5(a))	–	2,621	142	2,763
Increase in lease liabilities from entering into new leases during the year	–	–	5,552	5,552
Total other changes	–	2,621	5,694	8,315
At 31 December 2024	36,657	–	3,304	39,961

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2024 RMB'000	2023 RMB'000
Within operating cash flows	241	459
Within financing cash flows	2,965	2,371
	3,206	2,830

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

14 TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	**84,332**	25,969
Cost payable to media partners on behalf of customers	**33,308**	20,447
Other taxes and levies payables	**17,572**	14,962
Staff cost payables	**4,547**	7,073
Customers deposits	**2,300**	2,325
Interest payable	**–**	128
Listing expense payable	**2,533**	17,217
Amounts due to a director (Note 20)	**–**	9
Amounts due to a company owned by certain directors of the Company (Note 20)	**375**	–
Other payables	**3,982**	3,194
	148,949	91,324

All trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	**58,808**	19,734
3 to 6 months	**25,459**	6,191
6 months to 1 year	**36**	–
1 to 2 years	**29**	44
	84,332	25,969

15 BANK LOANS AND OVERDRAFTS

At 31 December 2024, the bank loans were repayable within one year and secured as follows:

	2024 RMB'000	2023 RMB'000
Bank loans		
– Secured	–	10,000
– Guaranteed	–	20,000
– Unsecured	36,657	27,500
	36,657	57,500

16 LEASE LIABILITIES

At 31 December 2024, the lease liabilities were repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	2,664	575
After 1 year but within 2 years	640	–
	3,304	575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

17 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2024	2023
	RMB'000	RMB'000
At 1 January	**4,789**	5,756
Provision for profits tax	**2,536**	2,432
Income tax paid	**(1,927)**	(3,399)
At 31 December	**5,398**	4,789

(b) Deferred tax assets and liabilities recognised:

(i) The components and movements of deferred tax (assets)/liabilities are as follows:

Deferred tax arising from:	**Credit loss allowance**	**Lease liabilities**	**Right-of-use assets**	**Accruals**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	(189)	(311)	311	477	288
Charged/(credited) to profit or loss	60	258	(229)	(13)	76
At 31 December 2023 and 1 January 2024	**(129)**	**(53)**	**82**	**464**	**364**
Charged/(credited) to profit or loss	**(268)**	**(413)**	**448**	**–**	**(233)**
At 31 December 2024	**(397)**	**(466)**	**530**	**464**	**131**

17 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets and liabilities recognised: *(Continued)*

(ii) Reconciliation to the consolidated statement of financial position

	2024 RMB'000	2023 RMB'000
Net deferred tax assets in the consolidated statement of financial position	**(397)**	(129)
Net deferred tax liabilities in the consolidated statement of financial position	**528**	493
	131	364

18 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2023		130	1,243	(115)	(6,507)	(5,249)
Changes in equity for 2023:						
Total comprehensive income		–	–	(1,975)	(5,258)	(7,233)
Balance at 31 December 2023 and 1 January 2024		**130**	**1,243**	**(2,090)**	**(11,765)**	**(12,482)**
Changes in equity for 2024:						
Issuance of ordinary shares upon initial public offering	*18(c)*	**887**	**108,947**	**–**	**–**	**109,834**
Capitalisation issue	*18(c)*	**2,520**	**(2,520)**	**–**	**–**	**–**
Total comprehensive income		**–**	**–**	**3,344**	**(2,726)**	**618**
Balance at 31 December 2024		**3,537**	**107,670**	**1,254**	**(14,491)**	**97,970**

(b) Dividends

The directors of the Group did not propose the payment of any dividend during the year (2023: Nil).

18 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital

	At 31 December 2024 and 2023	
	Number of shares ('000)	US$'000
Authorised:		
Ordinary shares of US$0.001 each	5,000,000	5,000

Issued and fully paid:

	2024		2023	
	Number of shares ('000)	RMB'000	Number of shares ('000)	RMB'000
At 1 January	20,000	130	20,000	130
Issuance of ordinary shares upon initial public offering	125,000	887	–	–
Capitalisation issue	355,000	2,520	–	–
At 31 December	500,000	3,537	20,000	130

On 8 March 2024, 125,000,000 new ordinary shares of USD0.001 each were issued at a price of HKD1.1 each upon the listing of the shares of the Company on the Stock Exchange of Hong Kong Limited. The proceeds of USD125,000 (equivalent to approximately RMB887,000), representing the par value of the new shares, were credited to the Company's share capital account. The remaining proceeds of HKD136,523,000 (equivalent to approximately RMB123,915,000), net of listing expenses of RMB14,968,000, were credited to the share premium account. Share premium of USD$355,000 (equivalent to RMB2,520,000) was capitalised for the issuance of 355,000,000 shares to the Company's shareholders immediately prior to the listing of the Company.

18 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves

(i) Share premium

The share premium represented the difference between the consideration received and par value of issued shares of the Company.

(ii) Capital reserve

Capital reserve represents (i) the difference between the proceeds received from the equity holder and the paid-in capital of Beijing Lesimedia Technology Co., Ltd. and (ii) the difference between consideration paid and non-controlling interests acquired.

In September 2024, the Group acquired 1 % equity interest in Hunan Lexiaoyun Information Technology Co., Ltd. ("Hunan Lexiaoyun") at a consideration of RMB375,450 from the then equity holders. As a result of the acquisition, Hunan Lexiaoyun became a wholly-owned subsidiary of the Group.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 1(q).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

For the purpose of capital management, the Group consists of total equity of the Group as disclosed in the statement of changes in equity.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

19 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables. The carrying amount of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The Group is not exposed to significant concentration of credit risk in individual customers. As at 31 December 2024, 34% of the total receivables and other receivables as due from the Group's largest customer (2023: 0%).

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

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

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing of receivables. The expected loss rates are based on the payment profiles and the corresponding historical credit losses. 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 recognition and measurement method of loss allowance for trade receivables is measured based on similar credit risk characteristics. The Group calculates the expected credit loss by referring to the historical credit loss experience, combining with the current situation and the forecast of future economic conditions and considering the trade receivables ageing and expected credit loss rate during the lifetime.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 6 months	0.9%	328,443	(2,948)
6 months to 12 months	2.6%	129,651	(3,355)
12 months to 24 months	33.3%	24	(8)
More than 24 months	100.0%	26	(26)
		458,144	(6,337)

19 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables (Continued)

	2023		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 6 months	0.6%	115,396	(703)
6 months to 12 months	1.2%	30,790	(381)
12 months to 24 months	30.4%	14,604	(4,437)
More than 24 months	100.0%	3	(3)
		160,793	(5,524)

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the trade receivables.

Movements in the loss allowance account in respect of trade receivables during the year is as follows:

	2024 RMB'000	2023 RMB'000
Balance at 1 January	**5,524**	3,036
Impairment losses recognised during the year	**813**	2,488
Balance at 31 December	**6,337**	5,524

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

19 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity management and cash management, including the raising of loans to cover expected cash demands, and maintaining adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	**More than 1 year but less than 2 years RMB'000**	**More than 2 years but less than 5 years RMB'000**	**More than 5 years RMB'000**	**Total RMB'000**	**Carrying amount at 31 December RMB'000**
2024						
Trade and other payables	**131,377**	**–**	**–**	**–**	**131,377**	**131,377**
Bank loans	**37,509**	**–**	**–**	**–**	**37,509**	**36,657**
Lease liabilities	**2,736**	**643**	**–**	**–**	**3,379**	**3,304**
Total	**171,622**	**643**	**–**	**–**	**172,265**	**171,338**
2023						
Trade and other payables	76,362	–	–	–	76,362	76,362
Bank loans	59,761	–	–	–	59,761	57,500
Lease liabilities	582	–	–	–	582	575
Total	136,705	–	–	–	136,705	134,437

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 31 December 2024, none (2023: RMB:10 million) of bank loans were variable rate loans while the rest of the borrowings were fixed rate loans. Fluctuation of interest rate will not have significant impact to the Group.

(d) Currency risk

The Group is exposed to currency risk primarily through trade and other receivables, trade and other payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Renminbi (RMB), United State dollars (US$) and Hong Kong dollars (HK$). Given the HK$ is pegged to the US$, management considers the movements in exchange rates between the HK$ and the US$ to be insignificant.

19 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(i) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year-end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB)					
	2024			2023		
	Renminbi	United States Dollars	Hong Kong Dollars	Renminbi	United States Dollars	Hong Kong Dollars
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	8	-	-	44	–	–
Trade and other payables	-	-	-	(800)	(1,774)	(2,154)
Intercompany payables	89,773	-	-	(5,186)	–	–
Net exposure arising from recognised assets and liabilities	89,781	-	-	(5,942)	(1,774)	(2,154)

19 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2024		2023	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits
		RMB'000		RMB'000
Renminbi	**10%**	**8,978**	10%	(594)
	(10)%	**(8,978)**	(10)%	594
United States Dollars	**10%**	**–**	10%	(151)
	(10)%	**–**	(10)%	151
Hong Kong Dollars	**10%**	**–**	10%	(183)
	(10)%	**–**	(10)%	183

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, and then translated into Renminbi at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2023.

20 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

All members of key management personnel are executive directors of the Company. Their remuneration is disclosed in Note 7.

(b) Related party balances and transactions

(i) Non-trade transactions with related parties

The Group leases two offices from Ms. Shu Qing and Mr. Yu Canliang at nil consideration during years ended 31 December 2024 and 2023 at nil consideration.

As detailed in note 18(d), the Group acquired 1 % equity interests in Hunan Lexiaoyun from the then equity holder, which is ultimately owned by certain directors of the Company, at a consideration of RMB375,450 during the year ended 31 December 2024.

(ii) Non-trade balance with related parties:

	2024	2023
	RMB'000	RMB'000
Amounts due from a shareholder (Note 12)	**28**	123
Amounts due to a director (Note 14)	**–**	9
Amounts due to a company owned by certain directors of the Company (Note 14)	**375**	–

All balances with related parties are unsecured, interest-free and repayable on demand.

As at 31 December 2023, the guaranteed bank loans of RMB20,000,000 were guaranteed by an independent guarantee company. Certain directors of the Company pledged their assets to the guarantee company as counter-guarantees. All counter-guarantees provided by directors in respect of bank loans of the Group of RMB20,000,000 have been released upon the listing of the Company's shares on the Stock Exchange on 8 March 2024.

21 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Investments in subsidiaries	*11*	**1,263**	1,263
Other receivables		**89,476**	–
		90,739	1,263
Current assets			
Other receivables		**338**	6,349
Cash and cash equivalents		**10,175**	70
		10,513	6,419
Current liabilities			
Other payables		**3,282**	20,164
Net current assets/(liabilities)		**7,231**	(13,745)
NET ASSETS		**97,970**	(12,482)
CAPITAL AND RESERVES	*18*		
Share capital		**3,537**	130
Reserves		**94,433**	(12,612)
TOTAL EQUITY		**97,970**	(12,482)

(Expressed in RMB unless otherwise indicated)

22 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2024 and 2023, the directors consider the immediate parent of the Group to be Ka Lok Holdings Limited. This entity does not produce financial statements available for public use. The directors consider the ultimate controlling party to be Mr. Zhao Libing.

23 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability	1 January 2025
Amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, Presentation and disclosure in financial statements	1 January 2027
IFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and the Prospectus, is set our below.

RESULTS

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**681,511**	628,026	492,570	470,810	377,667
Gross profit	**101,438**	103,998	103,053	93,691	76,857
Profit before income tax	**75,514**	68,415	71,013	59,669	51,674
Profit for the year	**73,211**	65,907	68,307	57,488	49,733

ASSETS AND LIABILITIES

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**815,661**	585,371	502,625	464,843	383,064
Total liabilities	**203,645**	159,679	140,851	171,299	147,007
Total equity	**612,016**	425,692	361,774	293,544	236,057

Lesi Group Limited
樂思集團有限公司