



Huashi Group Holdings Limited 华视集团控股有限公司

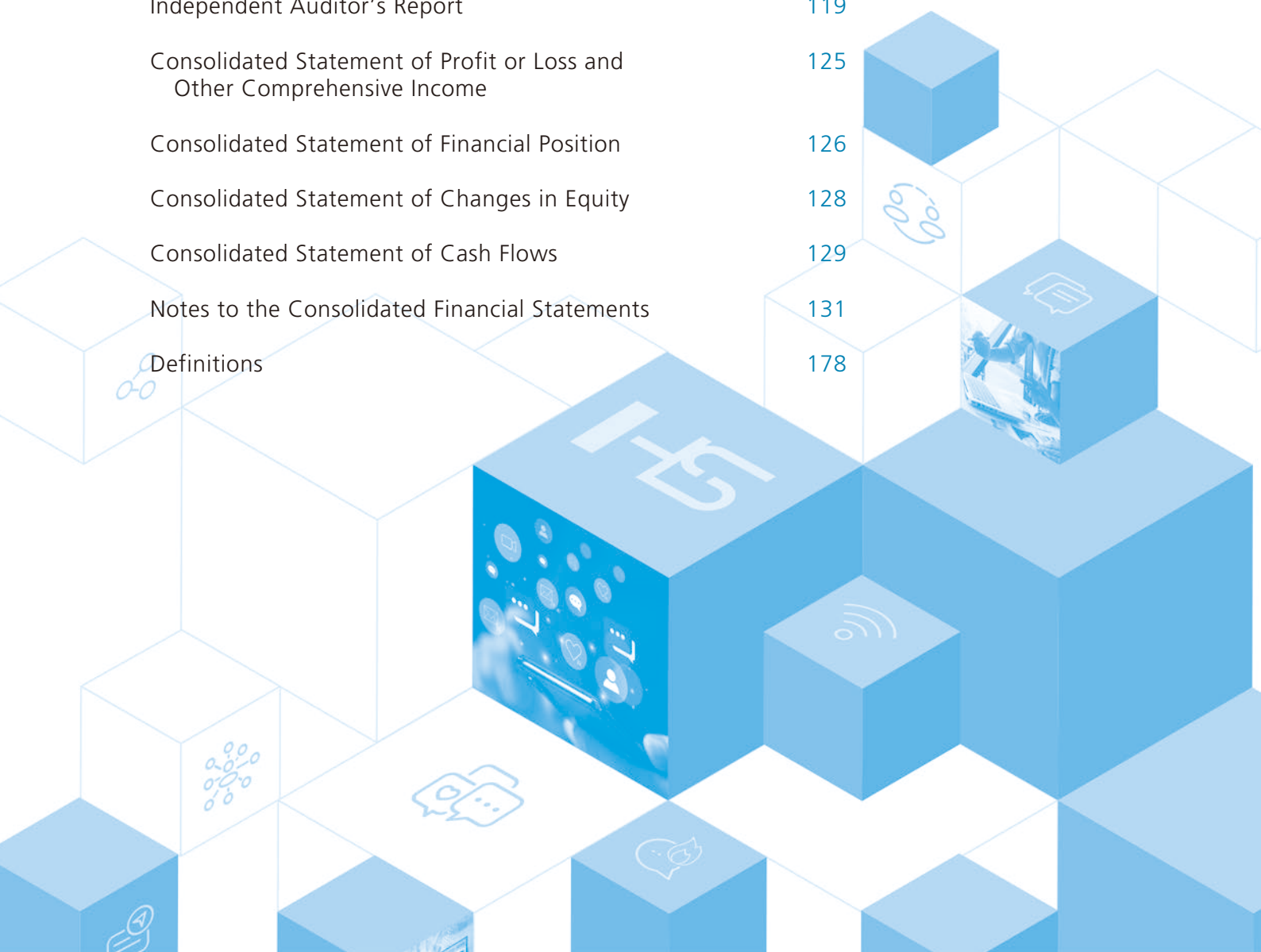
(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1111



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Jicheng (Chairman and Chief Executive Officer)

Ms. Chen Jizhen (Vice Chairman)

(Appointed on 27 March 2025)

Ms. Wang Shujin

Mr. Zhang Bei

Ms. Xue Yuchun

Independent Non-executive Directors

Dr. He Weifeng

Mr. Peng Litang

Mr. Li Guangdou

Mr. How Sze Ming

AUDIT COMMITTEE

Dr. He Weifeng (Chairman)

Mr. Peng Litang

Mr. Li Guangdou

REMUNERATION COMMITTEE

Mr. Peng Litang (Chairman)

Ms. Wang Shujin

Dr. He Weifeng

NOMINATION COMMITTEE

Mr. Chen Jicheng (Chairman)

Mr. Li Guangdou

Mr. Peng Litang

COMPANY SECRETARY

Ms. Lai Janette Tin Yun

AUTHORISED REPRESENTATIVES

Ms. Xue Yuchun

Ms. Lai Janette Tin Yun

REGISTERED OFFICE

71 Fort Street

PO Box 500, George Town

Grand Cayman KY1-1106

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1915, 19/F, Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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1 Chagang Xincun Dongyuan

Wuchang District, Wuhan

Hubei Province, the PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Appleby Global Services (Cayman) Limited

71 Fort Street

PO Box 500

George Town

Grand Cayman KY1-1106

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong



CORPORATE INFORMATION

AUDITOR

BDO Limited

Certified Public Accountants

*Registered Public Interest Entity Auditor under the
Accounting and Financial Reporting Council Ordinance*

25th Floor, Wing On Centre

111 Connaught Road Central

Central, Hong Kong

COMPLIANCE ADVISER

Rainbow Capital (HK) Limited

Office No. 710, 7F, Wing on House

71 Des Voeux Road Central

Central, Hong Kong

LEGAL ADVISORS

As to Hong Kong law:

Tian Yuan Law Firm LLP

Suites 3304-3309, 33/F, Jardine House

One Connaught Place

Central, Hong Kong

As to PRC law:

Beijing Tian Yuan Law Firm

Unit 509, Block A, International Enterprise Building

No. 35 Financial Street

Xicheng District, Beijing

the PRC

Hubei Huajun & Co

23F, Block B, Ruitong Plaza

No. 847 Jianshe Avenue

Hankou District, Wuhan

Hubei Province, the PRC

PRINCIPAL BANKERS

China Merchants Bank Co., Ltd.

Wuhan Shuiguohu Sub-branch

No. 15, Shuiguohuheng Road, Wuchang District

Wuhan

Hubei Province, the PRC

Shanghai Pudong Development Bank Co., Ltd.

Wuhan Xudong Sub-branch

No. 163-7, Tieji Road, Hongshan District

Wuhan

Hubei Province, the PRC

Wuhan Rural Commercial Bank Co., Ltd.

Youyi Avenue Sub-branch

No. 19 Youyi Avenue, Jiyuqiao Street, Wuchang District

Wuhan

Hubei Province, the PRC

COMPANY WEBSITE

www.youmeimu.com

STOCK CODE

1111

LISTING DATE

10 November 2023



FINANCIAL SUMMARY

For the years ended 31 December

Year-on-Year
Changes

2024 2023
(RMB,000,000, except for percentage)

	2024	2023	Year-on-Year Changes
Revenue	288.5	234.7	22.9%
Gross profit	159.5	149.9	6.4%
Profit before income tax expense	100.2	78.8	27.2%
Profit for the year	80.6	65.0	24.0%
Adjusted net profit	80.6	80.7	(0.1)%

For the years ended 31 December

2024 2023 2022 2021 2020
(RMB,000,000)

	2024	2023	2022	2021	2020
Revenue	288.5	234.7	207.2	157.6	103.4
Gross profit	159.5	149.9	103.3	57.7	42.9
Profit before income tax expense	100.2	78.8	55.6	23.2	29.7
Profit for the year	80.6	65.0	45.7	18.5	24.3
Adjusted net profit	80.6	80.7	50.4	29.9	24.4

As at 31 December

2024 2023 2022 2021 2020
(RMB,000,000)

	2024	2023	2022	2021	2020
Non-current assets	60.3	71.4	34.0	21.5	19.0
Current assets	462.4	422.6	128.7	68.2	59.5
Current liabilities	150.7	206.6	62.4	32.3	19.4
Non-current liabilities	28.7	24.8	6.1	9.0	6.5
Total equity attributable to owners of the parent	343.2	262.6	94.1	48.5	52.5



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2024.

The Group is a branding, advertising and marketing service provider located in Hubei Province, the PRC, by partnering with various media resource providers to provide services throughout the value chain from market research (through partnering with research institutions) to branding, advertising and marketing project execution, and assists brand owners, advertisers and advertising agencies to develop and implement effective service solutions to achieve their promotional demand and marketing targets, thereby further enhances the reputation of their brands among the targeted people and increase the competitiveness and market share of their products or services.

In 2024, the global economic environment is becoming complex and volatile. The unstable geopolitical situation is altering key global trade routes and forcing supply chain restructuring, further exacerbating global trade tensions and potentially having a knock-on effect on various industries. Global economic growth faced varying degrees of pressure. According to the "2024 China Advertisers Marketing Trend Survey Report (2024中國廣告主營銷趨勢調查報告)" released by CTR Market Research CO. Ltd. (央視市場研究股份有限公司) ("CTR", a market research and media analysis company based in the PRC), in 2024, advertisers' marketing budget investment remained unchanged, with 75% of advertisers stating that they would not increase their advertising budgets, and the overall market growth rate has slowed down. China's relevant government departments have taken a number of initiatives aimed at promoting a steady improvement in the industry. The Ministry of Commerce issued the "Guidance on Strengthening Brand Building in the Business Sector (《關於加強商務領域品牌建設的指導意見》)", which proposed four major tasks of promoting new brand development, improving new commercial quality, expanding new channels for promotion and enriching new consumption scenarios, which guided the direction of the brand consulting industry; the State Administration for Market Regulation raised higher requirements for the healthy development of the advertising industry by organizing and carrying out a special action to supervise advertisements in respect of people's livelihood; and the Ministry of Commerce issued a Three-year Action Plan for Digital Commerce (《數字商務三年行動計劃》) and launched four national online promotions, including the "National Online New Year's Cargo Festival (全國網上年貨節)" and the "Brand and Quality Online Shopping Festival (雙品網購節)", to create a new scenario of comfortable and integrated consumption. For the full year of 2024, China's gross domestic product (GDP) grew by 5.0% year-on-year, while total retail sales of consumer goods grew by 3.5% year-on-year, maintaining a stable trend in economic development.

The Group is committed to tailoring one-stop service solutions, from market research to implementation of marketing activities for different customer groups with different marketing needs, which have been widely recognized by customers. We have CNAA first-class advertising enterprises, high-tech enterprises, specialized and new "little giant" enterprises of Hubei Province and other qualifications, and have strong innovation ability and competitiveness in the media field. During the Reporting Period, the brand cross-industry marketing plan we planned for a domestic super-large communication operation company in the PRC won the Gold Award for Cross-industry Marketing of Entertainment Marketing Group at the 8th Kirin International Creative Festival (麒麟國際創意節) in 2024.



CHAIRMAN'S STATEMENT

We attach importance to the development of new customers and the maintenance of existing business relationships. We have entered into new cooperation intentions and long-term projects with certain key customers and maintain a stable cooperative relationship with leading short video platforms in Mainland China, thus laying a solid foundation for the sustainable development of the Group's business. Specially, we signed a three-year brand planning and promotion execution project with a domestic super-large communication operation enterprise in the PRC, a cultural tourism brand project with a local government cultural and tourism bureau, a tripartite strategic cooperation agreement with a domestic mid-to-high-end seafood hot pot catering chain enterprise and a domestic national agricultural industrialization leading enterprise, a deep partnership with a domestic leading cloud computing product and service provider, and a strategic cooperation agreement with a large state-owned communication infrastructure service enterprise, respectively.

Despite the increasingly severe market environment, the Group has also continuously carried out market research and other work, actively explored opportunities in emerging industries such as artificial intelligence ("AI") and Low-altitude Economy (a new integrated economic form centered on low-altitude flight activities) in combination with our own business and studied the feasibility of innovative business models. The Group believes this will help us to enrich our business lines, enhance our core competitiveness and amplify our brand influence.

During the Reporting Period, the number of customers of the Group increased steadily along with the improving quality of services. We have accumulated a good reputation for our high quality and customized service solutions. We strived to expand upstream and downstream of the industrial chain, consolidate partnerships, and focus on digital empowerment and platform-based development to consolidate our business foundation. We focused on team development, and continuously stimulated the potential of employees through regular organization of training and brainstorming meetings, etc. We have diversified our customer structure and revenue stream by expanding our business into industries such as telecommunications operations and agriculture. During the Reporting Period, the Group's operating quality and profitability showed a gradual upward trend, with total revenue of RMB 288.5 million and total amount of contracts with customers of RMB 940.5 million. In particular, 99.4% (approximately RMB 934.4 million) of the services have been provided to customers.

On behalf of the board of Directors, I would like to express my sincere gratitude to all our employees, our customers and partners. At the same time, I would like to express my sincere gratitude to our Shareholders and stakeholders for their continued support and trust.

Chen Jicheng

Chairman and Chief Executive Officer

Wuhan, the PRC

27 March 2025



MANAGEMENT DISCUSSION AND ANALYSIS

2024 BUSINESS REVIEW

Branding Services

The Group is deeply engaged in the branding services industry, closely keeping in line with the changes in industry trend and business model, constantly breaking through the upper limit of service capability and focusing on providing differentiated solutions to customers. The scope of our services includes: (i) conducting in-depth research and analysis of the brand market in which our customers operate with precise brand insights; (ii) planning of brand development strategies for our customers, and advice on core values of brands, brand positioning and its target customers; (iii) design of brand image; and (iv) formulation of products and/or services marketing and promotional plans. During the year, the Group's revenue from branding service business was RMB100.2 million, representing a 6.0% increase year-on-year.

The Group strives to break through the traditional framework of branding promotion and marketing model and tries to integrate branding services with new quality productive forces. In recent years, the relevant PRC government departments have rolled out favorable policies to guide and boost the rapid development of the Low-altitude Economy industry. We have actively promoted the innovation of our branding business and conducted in-depth studies on the characteristics of the segmented industries, such as local cultural tourism and the Low-altitude Economy, to explore potential cooperation opportunities. As a typical application scenario of the Low-altitude Economy industry, air media offers a new approach for the medium of brand promotion by providing its visualized and dynamic media features to meet the promotional needs of brands. Meanwhile, we have accumulated a wide range of customer and government resources in the food and beverage, furniture and automotive manufacturing industries. As a result, the branding business has maintained steady growth.

Online Media Advertising Services

The online media advertising services provided by the Group mainly include understanding the marketing needs of customers, analysing the behaviour and preference of consumers, providing suggestions on the forms of advertisements, analysing and selecting the online platforms, obtaining the resources and executing the advertisement placement and effectiveness monitoring and evaluation. The Group offers two major forms of online media advertising as follows: (i) display advertising; and (ii) search engine advertising. With the higher demand for efficient marketing, we continue to expand the depth and breadth of our cooperation with China's top internet enterprises to enhance our business resilience. Leveraging the increasing qualifications and authorizations of service providers and agencies, the Group has access to media channels that cover most of the regions and consumers of various ages in China. During the year, the revenue from online media advertising services business amounted to RMB60.5 million, representing a 42.7% increase year-on-year.

We actively capture new opportunities in the media industry brought by AI and continue to enhance our digital operation capabilities. The application of AI at the graphics, texts and videos level can improve the creative efficiency of advertising materials, video clippings, marketing copywriting, etc., and reduce the production costs. By enhancing our AI-driven content production capacities, the level of intelligence and industry competitiveness of the Group's online media advertising services will improve. We also utilize big data platform monitoring and analyzing technology to provide advertisers with one-stop service solutions covering areas such as precision placement, effectiveness analysis and budget management, etc. The Group will continue to promote the upgrading of its smart platform and collaborate with big data and AI enterprises to build a digital and intelligent online advertising service system.



MANAGEMENT DISCUSSION AND ANALYSIS

Event Execution and Production Services

The event execution and production services provided by the Group are designed to help clients promote brand concepts, enhance brand awareness, build brand image, and achieve marketing objectives and effects. It covers all phases of an organisation's marketing campaigns, including (i) formulating campaign strategies; (ii) devising design of the programmes, work plans and rundown of events; (iii) execution of the projects through procuring materials and engaging third-party service providers; (iv) assisting with project management and supervising the execution of marketing campaigns; and (v) evaluating the effectiveness of the marketing campaigns through public opinion. During the year, revenue from events execution and production services amounted to RMB59.2 million, representing a 23.4% increase year-on-year.

As consumers are increasingly accustomed to relying on internet channels to access information, many businesses are developing and adopting online marketing models. We consider that our business model, which features in-depth integration of practical event scenarios and digital marketing, will further enhance the effectiveness of our activities and help our customers improve economic benefits. Through the model, we leverage the strength in top online media platform resources, synchronize live and online content of the events, conduct secondary marketing and promotion and precisely reach potential target groups through technical means such as post-editing and big data. We have established a dedicated service team for each event project and continuously innovate our marketing ideas, bring immersive experiences to consumers and create long-term value for our customers.

Advertisement Placement Services

The Group provides advertisement placement services, which comprises formulation of online advertisement plan, maintaining the accounts of the customers opened at the advertising platform of the Media Partners (Note 1) and arranging advertisement placement on the designated online media platforms of the Media Partners according to the requests of our customers. As an ancillary service, we also design and produce short advertisement videos based on the request of our customers. The Media Partners would charge us primarily based on a mixed basis of CPC, CPT and CPM (Note 2), while we would charge our customers a fee comprising (i) the cost for placing the advertisement on the online media platforms charged by the Media Partners based on the above pricing mechanism (i.e. CPC, CPT and CPM); (ii) our service fee for advertisement placement and other related services, which is equivalent to a certain percentage of the costs of advertisement placement on the online media platforms of the Media Partners; and (iii) the rebates we offered to our customers. During the year, revenue from the advertisement placement service business reached RMB50.9 million, representing a 49.4% increase year-on-year.



MANAGEMENT DISCUSSION AND ANALYSIS

According to the Research Report on the Development of Internet Audiovisual Content in China (2024) (《中國網絡視聽發展研究報告(2024)》) released by the China Netcasting Services Association, in 2023, the platforms under our Media Partners achieved a user penetration rate of over 95% in total in the short video sector, with a wide coverage of distribution channels. Considering the increasingly diverse marketing needs of advertisers, we will actively expand our list of Media Partners and continuously integrate media resources with different characteristics to promote the diversified development of audience base structure and enhance the market competitiveness of our advertisement placement business.

Notes:

1. The “Media Partners” are several Chinese internet technology companies which operate various popular online media platforms in the PRC.
2. “CPC” refers to Cost Per Click, a pricing model where advertising is paid on the basis of each click of the advertisement; “CPM” refers to Cost Per Mille, a pricing model where advertising is paid based on one thousand impressions of the advertisement. “CPT” refers to Cost Per Time, a time-based pricing model where advertising is paid at a fixed price for a given period.

During the year, we explored the commercial prospects of glasses-free 3D (a technique for realising stereoscopic visual effects) and other display technologies, assessed the media resource value of transportation hubs such as high-speed railway stations and airports, and organized business negotiations and research activities with suppliers possessing the corresponding resources. According to the CTR survey report, in the first three quarters of 2024, China’s offline media advertising expenditure increased by 2.3% year-on-year. Among which, expenditures on elevator LCD (being liquid crystal display devices installed in elevators) and elevator poster advertisements increased by 23.1% and 15.9%, respectively; expenditures on video publications for trains, high-speed railway stations and cinemas slightly increased; other offline advertising expenditures were reduced to varying degrees. Considering the future development plans of the Group, we focus on branding services and online media advertising services, while also monitoring opportunities in offline media advertising services. We aim to stay ahead of industry trends and market demands and will increase investment when appropriate.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group generated revenue primarily from the following services, which include the provision of (i) branding services; (ii) online media advertising services; (iii) event execution and production services; and (iv) advertisement placement services (including rebates from Media Partners) to our customers. For FY2024, we recorded total revenue of RMB288.5 million, representing an overall increase of RMB53.8 million and an increase rate of 22.9% over the previous year.

Revenue Breakdown by Service Type

The table below sets forth the breakdown of our revenue and percentage contribution to our total revenue by business segments for the periods indicated:

	FY2024		FY2023	
	Approximate		Approximate	
	% of total revenue		% of total revenue	
	RMB'000	%	RMB'000	%
Branding services	100,205	34.7	94,503	40.3
Event execution and production services	59,158	20.5	47,941	20.4
Advertisement placement services (i)	50,928	17.7	34,078	14.5
Rebates from Media Partners (i)	17,696	6.1	15,800	6.7
Online media advertising services (ii)	60,539	21.0	42,425	18.1
Total	288,526	100	234,747	100

For FY2024, the revenue from "Branding Services", "Event Execution and Production Services", "Advertisement Placement Services", "Rebates from Media Partners" and "Online Media Advertising Services" recorded a significant year-on-year growth, which was attributable to the Group's proactive efforts in expanding its business and building up a solid relationship with more new customers. The revenue from the "Rebates from Media Partners" business recorded a year-on-year increase, which was mainly attributable to the year-on-year growth in the "Advertisement Placement Services" business, which in turn contributed to the increase in the number of advertisements placed by the Company on the major online media platforms of our Media Partners, and accordingly, the rebates from the Media Partners to the Group increased.



MANAGEMENT DISCUSSION AND ANALYSIS

- (i) For our advertisement placement services (including rebates from Media Partners), we recognised revenue on a net basis.
- (ii) For the relevant advertising agents under Online Media Advertising Services, we recognised revenue on a net basis. In accordance with HKFRS 15, in FY2023 and FY2024, the direct costs incurred for our Online Media Advertising Services provided to the relevant advertising agents had been deducted from the gross revenue to derive the revenue from these services under the net basis. Other than the above-mentioned costs paid to the suppliers, no other direct costs were incurred by us in relation to the Online Media Advertising Services provided to the relevant advertising agents.

Cost of Services

The Group's cost of services increased from RMB84.9 million for FY2023 to RMB129.0 million for FY2024, primarily attributable to the increase in revenue from "Branding Services", "Event Execution and Production Services" and "Online Media Advertising Services", with a corresponding increase in the cost of these services.

Gross Profit and Gross Profit Margin

Our overall gross profit and gross profit margin for FY2023 and FY2024 was affected by our cost of services, which were project-specific and affected by our service mix, customised services we provided and the scale of each project. As a result, the Group's gross profit and gross profit margin may vary from project to project.

The Group's gross profit increased from RMB149.9 million in FY2023 to RMB159.5 million in FY2024, and the gross profit margin decreased from 63.9% in FY2023 to 55.3% in FY2024, mainly due to the increase in the revenue of the Group but the decrease in the gross profit from the "Online Media Advertising Services" business.

Other Income and Other Losses, Net

The Group's other income increased from RMB4.0 million in FY2023 to RMB8.9 million in FY2024, primarily attributable to receipt of government subsidies from the local government for enterprises successfully listed in Hong Kong.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased from RMB10.7 million for FY2023 to RMB18.5 million for FY2024, mainly due to (i) the increase in the number of employees in our sales team and media operations team in connection with our business expansion resulted in an increase in salaries and reimbursement of overhead expenses; (ii) the increase in our office equipment in connection with our business expansion resulted in an increase in depreciation expense for the equipment.



MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses (including listing expenses) decreased from RMB54.8 million in FY2023 to RMB45.1 million in FY2024, primarily due to the decrease in listing expenses compared to FY2023.

Liquidity and Capital Resources

As at 31 December 2024, the Group's cash and cash equivalents amounted to RMB100.4 million (denominated in RMB, HK\$ and US\$), representing a decrease of RMB70.6 million as compared with RMB171.0 million (denominated in RMB, HK\$ and US\$) as at 31 December 2023, primarily due to (i) a portion of the proceeds from the listing in 2023 was utilized in 2024 in accordance with the plan for the use of proceeds (please refer to "Use of the Net Proceeds from the Global Offering" in the Directors' Report for details of the use of proceeds); (ii) repayment of bank borrowings.

During the Reporting Period, we financed our operation needs primarily through cash flows from operating activities and borrowings. We derived our cash flows from operating activities principally from the revenue from our principal activities. We monitor our working capital positions from time to time to ensure maintaining sufficient cash resources for daily operations and capital expenditure needs.

The interest rate of the borrowings of the Company as at 31 December 2024 is set out in note 24 to the consolidated financial statements of this annual report.

Income Tax Expense

The Group's PRC corporate income tax expense increased from RMB12.6 million in FY2023 to RMB19.5 million in FY2024, and income tax expense increased from RMB13.8 million in FY2023 to RMB19.5 million in FY2024, which was mainly due to the fact that the operations for FY 2023 were largely attributable to intra-group subsidiaries with a preferential income tax rate of 15%, and a significant portion of the operations in FY2024 were attributable to intra-group subsidiaries with an income tax rate of 25%, in addition to the operations of intra-group subsidiaries with a preferential income tax rate of 15%.

	FY2024 RMB'000	FY 2023 RMB'000
Current year – PRC corporate income tax	19,494	12,580
Deferred tax	46	1,215
Total	19,540	13,795



MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the Year

As a result of the foregoing, for FY2023 and FY2024, (i) the Group's profit for the year was RMB65.0 million and RMB80.6 million, respectively; and (ii) the net profit margin (i.e. profit for the year divided by revenue) was 27.7% and 27.9%, respectively.

Capital Structure

As at 31 December 2024 and up to the date of this report, the authorised share capital of the Company was US\$50,000,000 divided into 1,000,000,000 shares of US\$0.05 each, and the issued share capital of the Company was US\$38,532,500 divided into 770,650,000 shares of US\$0.05 each. During the Reporting Period, there were no changes in the authorised share capital and issued share capital of the Company.

Gearing Ratio

As at 31 December 2024, the Group's total borrowings were RMB107.9 million (loans were denominated in RMB). Among those borrowings, 13.0% of which were classified as non-current liabilities, and 87.0% of which were classified as current liabilities.

As at 31 December 2024, the gearing ratio of the Group (being the sum of total bank and other borrowings and lease liabilities divided by total equity multiplied by 100%) decreased to 34.3% from 48.3% as at 31 December 2023. Such decrease was mainly due to the decrease in the Group's total bank borrowings in the FY2024.

Pledge of Assets

As at 31 December 2024, the Group had no pledged assets.



MANAGEMENT DISCUSSION AND ANALYSIS

Non-HKFRS Measures

In order to supplement our consolidated statements of profit or loss, which are presented in accordance with HKFRS, we also use adjusted profit (Non-HKFRS measure), which is not required by, or presented in accordance with HKFRS. We believe this non-HKFRS measure helps identify underlying trends in our business and therefore provides useful information to potential investors in understanding and evaluating our results of operation by eliminating potential impacts of such items. We also believe that this Non-HKFRS measure provides useful information about our operating results, enhances the overall understanding of our past performance and future prospects, and allows for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

We define adjusted profit (Non-HKFRS measure), as profit for the year adjusted by Listing expenses relating to the Global Offering.

While adjusted profit (Non-HKFRS measure) provides additional information to potential investors in understanding and evaluating our results of operations, the use of adjusted profit (Non-HKFRS measure) has certain limitations as an analytical tool. When assessing our operating and financial performance, you should not consider adjusted profit (Non-HKFRS measure) in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under HKFRS. In addition, the Non-HKFRS measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table sets forth a reconciliation of the Group's profits to our adjusted profit (Non-HKFRS measure) for the years indicated:

	FY2024 RMB'000	FY2023 RMB'000
Profit for the year	80,635	64,983
Adding back: Listing expenses	–	15,745
Adjusted profit (Non-HKFRS measure)	80,635	80,728



MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Risk Management

Foreign exchange risk refers to the risk of loss due to changes in foreign currency exchange rates. The Group's business is principally operated in the PRC and most of the transactions are denominated and settled in RMB. The Group will closely monitor the situation and take certain measures when necessary to ensure that the foreign exchange risk is within the controllable range. During FY2024, the Group did not use any financial instruments for hedging purposes.

Employees

As at 31 December 2024, the Group had 227 full-time employees, all of whom are located in the PRC. The Group enters into a standard employment contract with each of our full-time employees with terms covering, among other things, position, salaries, employment term, working hours, leave arrangements and other benefits. The remuneration packages the Group offers to our employees include basic salary and discretionary bonuses. In general, we determine our employees' salaries based on, amongst others, their qualifications, seniority, working hours, performance, our financial performance and market wages. We generally review the performance of our employees, which forms the basis of our decisions with respect to salary adjustments, bonuses and promotions annually. During FY2024, the total staff remuneration expenses (including directors' emoluments) amounted to RMB25.7 million (FY2023: RMB20.7 million).

Capital Expenditure

During FY2024, the Group incurred capital expenditures as a result of the purchase of equipment. The Group's capital expenditure increased from RMB3.9 million in FY2023 to RMB29.7 million in FY2024, which was primarily due to the increase in capital expenditure on purchase of equipment. The Group financed its capital expenditure mainly through internal resources and bank borrowings.

Contingent Liabilities

As at 31 December 2024, the Group did not have any significant contingent liabilities.

Material Acquisitions, Disposals of Subsidiaries, Associates and Joint Ventures and Significant Investments

In FY2024, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures and did not hold any significant investments.



MANAGEMENT DISCUSSION AND ANALYSIS

Use of The Net Proceeds from the Global Offering

The shares of the Company were listed on the Main Board of the Stock Exchange on 10 November 2023. The Company issued 125,000,000 shares in the Global Offering (as defined in the prospectus of the Company dated 31 October 2023) at the offer price of HK\$1.04 per share. The Group received net proceeds from the Global Offering (after deducting underwriting fees and commissions and other expenses payable by the Group in connection with the Global Offering) of approximately HK\$72.1 million.

Details of the use of the net proceeds from the Global Offering are set out in the section headed “Use of the Net Proceeds from the Global Offering” in the Directors’ Report.

Future Plans for Significant Investments or Capital Assets

As at the date of this report, the Group had no detailed future plans for any significant investments or capital assets.

Events after the Reporting Period

There have been no significant matters subsequent to the Reporting Period and up to the date of this report.

Final Dividend

The Board does not recommend the payment of any final dividend for FY2024. There is no arrangement under which any shareholder has waived or agreed to waive any dividend.



DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chen Jicheng (陳繼承先生), aged 35, joined our Group on 23 February 2011. He was appointed as our Director on 18 February 2021 and was re-designated as an executive Director on 9 October 2023. He is also our chairman of the Board, chief executive officer and general manager. He is primarily responsible for the overall operations, strategic management, business development, and formulating our Group's business operation plans. Mr. Chen is also our Controlling Shareholder and a chairman of our nomination committee.

Mr. Chen has accumulated over 13 years of experience in the brand, advertising and media industry. Prior to joining our Group, from October 2010 to May 2012, Mr. Chen worked as an assistant to the chairman of the board of directors of Yangjiang Shibazi Group Co., Ltd. (陽江十八子集團有限公司), a company principally engaged in production and sales of knife products. Mr. Chen has worked in Huashi Media as a deputy general manager from February 2011 to December 2013, as an executive director from December 2013 to August 2015, as a general manager since December 2013, and as chairman of the board of directors and chief executive officer since August 2015. Since December 2012, Mr. Chen has been appointed as an executive director of Huashi Chuangxiang. Since April 2017, he has been appointed as an executive director and general manager of Dabieshan Culture. Since February 2018, he has been appointed as an executive director and general manager of Wuyuan Fujie.

Mr. Chen is a vice president of Hubei Federation of Youth Entrepreneurs (湖北省青年民營企業家聯合會副會長) (January 2021 to December 2024), a managing director of the 8th Hubei Young Entrepreneurs Association (湖北省青年企業家協會第八屆常務理事) (2019-2022), a member of Wuhan Writers' Association (武漢作家協會會員), a member of the 7th session of the Governing Council of Hubei Provincial Red Cross (湖北省紅十字會第七屆理事會成員), a member of Hubei Federation of Industry and Commerce (Chamber of Commerce) (湖北省工商聯(總商會)), a member of the 14th Wuhan Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議武漢市第十四屆政協委員) and a member of the 14th Wuchang District Committee of Wuhan's Chinese People's Political Consultative Conference (中國人民政治協商會議武漢市武昌區第十四屆政協委員). Mr. Chen was nominated as Top Ten Public Figures of China Economy (中國經濟十大新聞人物) in 2016, 2017 and 2020, was nominated as 2020 Top Ten Entrepreneur Stars in Wuchang District (2020年度武昌區十佳創業明星) in 2020 and was nominated as 2018 Annual Innovative Personnel of Chinese Economic Reform (2018中國經濟改革年度創新人物) in 2018. Mr. Chen is also a vice president of Hubei Youth Federation (湖北省青年聯合會副主席) since August 2022, a representative of the 13th National Congress of the China Federation of Industry and Commerce (中國工商業聯合會第十三次全國代表大會代表) since December 2022, and a committee member of the 13th Committee of Chinese People's Political Consultative Conference of Hubei Province (中國人民政治協商會議湖北省第十三屆委員會委員) since January 2023.

Mr. Chen is the brother of Ms. Chen Jizhen (executive Director, vice chairman of the Board of the Company).

Ms. Chen Jizhen (陳繼珍女士), aged 34, joined the Group in March 2023 and has been appointed as an executive director on 27 March 2025. She also acts as vice chairman of the Board.

Prior to joining the Group, Ms. Chen served as an internal medicine physician at the Wuhan University Hospital (武漢大學醫院) from July 2018 to May 2019, a pediatric healthcare physician at the Wuxi No. 8 People's Hospital (無錫市第八人民醫院) from June 2019 to August 2022, and also an assistant to the director of the legal department at Jointown Pharmaceutical Group Co., Ltd. (九州通醫藥集團股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600998) from September 2022 to February 2023. Ms. Chen joined the Group in March 2023 as manager of the legal department of Huashi Media, was promoted to general manager of the legal department of Huashi Media in February 2024, and acted as the assistant to the chairman of the Board of the Group. She obtained the resident physician standardized training certificate from the National Health Commission of the People's Republic of China in April 2019.

Ms. Chen obtained a bachelor's degree in medicine in June 2015 and a master's degree in medicine in June 2018 from the Hubei University of Chinese Medicine (湖北中醫藥大學).

Ms. Chen is the sister of Mr. Chen Jicheng (executive Director, chairman of the Board and chief executive officer of the Company).



DIRECTORS AND SENIOR MANAGEMENT

Ms. Wang Shujin (王書錦女士), aged 37, joined our Group on 12 May 2013 and was appointed as our Director on 18 February 2021 and was re-designated as an executive Director on 9 October 2023. She is also our senior vice president. She is primarily responsible for the implementation of the business supervision on marketing and achievement of sales targets of our Group. Ms. Wang is a member of our remuneration committee.

Ms. Wang has accumulated over 14 years of experience in the advertising and media industry. From September 2009 to November 2010, she worked as a sales manager of Changrong Media Co., Ltd. (昌榮傳媒股份有限公司), a company principally engaged in advertising design, production and agency services. From December 2011 to April 2013, she worked as a customer manager of Hubei Changjiang Television Broadcast and Advertising Co., Ltd. (湖北長江廣播電視廣告有限公司), a company principally engaged in advertising design, production and agency services. Since May 2013, she has worked in Huashi Media with her initial positions held as a deputy general manager and her current position as senior vice president.

Ms. Wang graduated from Hubei University of Education (湖北第二師範學院), formerly known as Hubei Institute of Education (湖北教育學院) in the PRC, in June 2007 with a college degree in art deco design (裝飾藝術設計).

Mr. Zhang Bei (張備先生), aged 35, joined our Group on 1 March 2018 and was appointed as our Director on 18 February 2021 and was re-designated as an executive Director on 9 October 2023. He is also our financial supervisor. He is primarily responsible for daily financial matters, financial planning and formulation and supervision of internal control policies of our Group.

Mr. Zhang has over 13 years of experience in the accounting and financing industry. Prior to joining our Group, Mr. Zhang worked as an accounting administrator of Xiamen Juxin Investment Co., Ltd. (廈門鷗鑫投資有限公司), a company principally engaged in investment in the primary, secondary, and tertiary industries from July 2011 to February 2012. From March 2012 to February 2018, Mr. Zhang worked as a financial manager of Putian Cable Group Co., Ltd. (普天線纜集團有限公司), a subsidiary of Putian Communication Group Limited (普天通信集團有限公司) (stock code: 01720.HK), a company principally engaged in manufacture of telecommunication cable and supply of integrated wiring and listed on the Stock Exchange. Since March 2018, Mr. Zhang has worked as a financial supervisor of Huashi Media and he was appointed as a director of Huashi Media in January 2021.

Mr. Zhang graduated from China University of GeoSciences (中國地質大學) in the PRC in June 2011 with a bachelor's degree in engineering management (工程管理). He also received an associate-to-bachelor's degree in accounting from Wuhan University of Science and Technology (武漢科技大學) in July 2015 and a master's degree in business administration (工商管理) from the Open University of Hong Kong in November 2015.

Ms. Xue Yuchun (薛玉春女士), aged 35, joined our Group on 1 December 2014 and was appointed as our Director on 18 February 2021 and was re-designated as an executive Director on 9 October 2023. She is also our general manager of the corporate planning department. She is primarily responsible for corporate planning of our Group and formulation of our Group's corporate strategic planning.

Ms. Xue has over 11 years of experience in the branding, advertising and marketing industry. Prior to joining our Group, Ms. Xue worked as a customer service manager of Shanghai Lingsi Yuanjing Marketing Consultancy Co., Ltd. (上海靈思遠景市場營銷顧問有限公司), a company principally engaged in marketing consulting, corporate management consulting and exhibition services from July 2012 to July 2013. Since December 2014, she has worked as a general manager of the corporate planning department of Huashi Media. She has been appointed as a director of Huashi Media since June 2016.

Ms. Xue graduated from University of Shanghai for Science and Technology (上海理工大學) in the PRC in June 2012 with a bachelor's degree in advertising (廣告學).



DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Guangdou (李光斗先生), aged 59, was appointed as an independent non-executive Director of our Company on 9 October 2023, and is primarily responsible for supervising and providing independent judgment to the Board. He is a member of our audit committee and nomination committee.

Mr. Li has over 22 years of experience in the areas of brand image and marketing industry. Since April 2002, he worked as the chief planner at Beijing Huasheng Shidai Advertising Co., Ltd. (北京華盛時代廣告有限公司), a company principally engaged in advertising design, production, agency and release and exhibition services. Since February 2006, he worked as the chief planner at Beijing Huasheng Zhiye Management Consultancy Co., Ltd. (北京華盛智業管理諮詢有限公司), a company principally engaged in business management consulting, economic and trade consulting and technology promotion service.

Mr. Li graduated from Fudan University (復旦大學) with a bachelor's degree in Journalism in July 1988. He is the author of a dozen of books on brand planning and marketing industry, including Insertion (《插位》), Story Marketing (《故事營銷》), Second Half of Internet (《互聯網下半場》), Business Code in Three Kingdoms (《商解三國》), Sharing Economy (《分享經濟》), Blockchain Wealth Revolution (《區塊鏈財富革命》), Economic Growth Dual Circulation (《雙循環經濟學》).

Disclosure pursuant to Rule 8.10 of the Listing Rules

As at the date of this report, Mr. Li was interested in (i) 25% equity interest in Fujian Nanping Screen Networking Media Co. Ltd. (福建省南平屏聯網傳媒有限公司) ("**Fujian Nanping**"), a company established in the PRC which business scope as stated on its business license includes, among others, the design, production and publication of advertisement; and (ii) 10% equity interest in Beijing Qingchuang Media Co. Ltd (北京青創傳媒有限公司) ("**Beijing Qingchuang**"), a company established in the PRC which business scope as stated on its business license includes, among others, film production, exhibition production, the design, production, agency and publication of advertisements and market research.

Mr. Li was only a passive investor with a non-controlling interest and did not have any active role in the management and business operations of or control over Fujian Nanping and Beijing Qingchuang, and was neither a director, supervisor nor manager of either company at any relevant time. The owners as to the remaining equity interest and the directors, supervisors and managers of Fujian Nanping and Beijing Qingchuang are all Independent Third Parties and not related to Mr. Li. Mr. Li is also bound by confidentiality undertakings included in his appointment letter with the Company to, among others, not divulge confidential information of our Group to any third parties, abide by his fiduciary duties to avoid conflict of interests in discharging his duties as an independent non-executive Director, and comply with applicable provisions in the Articles and the Listing Rules. Having considered (i) the confidentiality undertaking of Mr. Li in his appointment letter; (ii) his fiduciary duty to make full disclosure on matters that conflict or potentially conflict with our interest and abstain from voting at Board meetings on matters where there could be material conflict of interests; (iii) the established internal control mechanism of our Group to identify connected transactions; and (iv) the role of our audit committee in overseeing the effectiveness of the internal control system, and given that Mr. Li only serves as our independent non-executive Director and does not serve any executive role in our Group, and will not be involved in the active management and business operations of our Group, our Directors are of the view that such measures are effective and adequate for managing any potential conflicts of interest with regards to Mr. Li's involvement in Fujian Nanping and Beijing Qingchuang, and Mr. Li does not have any material conflict of interest with our Group.



DIRECTORS AND SENIOR MANAGEMENT

Mr. Peng Litang (彭禮堂先生), aged 59, was appointed as an independent non-executive Director of our Company on 9 October 2023, and is primarily responsible for supervising and providing independent judgment to the Board. He is the chairman of our remuneration committee and a member of our audit committee and nomination committee.

Mr. Peng has over 23 years' experience in education industry. He worked at the law school of Huazhong University of Science and Technology (華科技大學法學院) from May 2001 to present, initially as an associate professor (副教授) and was subsequently promoted as a professor (教授) in April 2010.

Mr. Peng graduated from Wuhan University (武漢大學) in the PRC with a master's degree in legal studies (法學理論) in June 1996. He also graduated from Huazhong University of Science and Technology (華科技大學) in the PRC with a doctor's degree in business administration (工商管理) in June 2008. He obtained the PRC lawyer's qualification certificate (中華人民共和國律師資格證書) issued by Ministry of Justice of the PRC in August 1996.

Dr. He Weifeng (何威風博士), aged 46, was appointed as an independent non-executive Director of our Company on 9 October 2023, and is primarily responsible for supervising and providing independent judgment to the Board. He is the chairman of our audit committee and a member of our remuneration committee.

Dr. He has around 16 years' experience in accounting industry and possesses appropriate accounting and financial management expertise pursuant to Rule 3.10(2) of the Listing Rules. He has been working at the School of Accountancy at Zhongnan University of Economics and Law (中南財經政法大學會計學院) since July 2008 and was promoted as a professor (level 3) from January 2020 to present. Dr. He also has been serving on the board of directors of several publicly-held companies, including Hubei Radio & Television Information Network Co., Ltd. (湖北省廣播電視信息網絡股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000665) where he has been acting as an independent director and the chairman of the audit committee and has been responsible for communicating with certified public accountants on audit plans, risk judgments and key audit issues and reviewing the annual audit reports since February 2019, Kaidi Ecological And Environmental Technology Co., Ltd. (凱迪生態環境科技股份有限公司) (a company delisted from Shenzhen Stock Exchange on 17 December 2020, stock code: 000939) where he has been acting as an independent director since 17 October 2018 and the chairman of audit committee and a member of nomination and remuneration committee since 2 November 2018. He also served as an independent director of Masteam Bio-Tech Co., Ltd. (湖北美天生物科技股份有限公司) (a company listed on the National Equities Exchange and Quotations, stock code: 833833) from 26 March 2018 to 25 April 2024 where he was responsible for providing independent advice to the board of directors.

Dr. He graduated from Jiangnan Petroleum Institute (江漢石油學院) in the PRC with a bachelor's degree in accounting in June 2001 and graduated from Wuhan University (武漢大學) in the PRC in June 2005 with a master's degree in accounting. He was also awarded a doctor's degree in business administration (工商管理) of Huazhong University of Science and Technology (華科技大學) in June 2008. He was subsidized by the "Program for New Century Excellent Talents in University" (教育部新世紀優秀人才支持計劃) of the Ministry of Education of the PRC in 2013 and was appointed as "Wenlan Young Scholar" (文瀾青年學者) of Zhongnan University of Economics and Law (中南財經政法大學) from November 2013 for a terms of three years. Dr. He was awarded of third prize of "Social Science Outstanding Achievement Award of Hubei Province" (湖北省社會科學優秀成果三等獎) in both 2009 and 2013.



DIRECTORS AND SENIOR MANAGEMENT

Mr. How Sze Ming (侯思明先生), aged 48, was appointed as an independent non-executive Director of our Company on 9 October 2023, and is primarily responsible for supervising and providing independent judgment to the Board.

Mr. How has over 21 years of experience in investment banking and assurance and advisory industries. He started his career as an associate in Assurance and Business Advisory Services Department at PricewaterhouseCoopers from September 1999 to July 2002 with his last position as a senior associate. Mr. How then joined Tai Fook Securities Company Limited (currently known as Haitong International Securities Group Limited) and Tai Fook Capital Limited (currently known as Haitong International Capital Limited) from July 2002 to December 2004 with his last position as an assistant manager. He served as an assistant vice president of CCB International Capital Limited from January 2005 to May 2006, and an assistant vice president in the Investment Banking Division of ICEA Capital Limited from June 2006 to April 2009. From April 2009 to February 2010, Mr. How was an assistant vice president in the Investment Banking Division of ICBC International Holdings Limited. After that, he worked as the managing director of the Investment Banking Department of CMB International Capital Corporation Limited from February 2010 to June 2015, and the managing director of Zhaobangji International Capital Limited (currently known as Yi Shun Da Capital Limited) from July 2015 to January 2016. He then served as the co-head in Investment Banking Department at Southwest Securities (HK) Capital Limited from February 2016 to August 2021 with his last position as the head of corporate finance department. Mr. How is currently the managing director of Patrons Capital Limited since February 2023.

Mr. How was appointed as an independent non-executive director of seven listed companies previously, namely QPL International Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 243) from September 2013 to September 2016, Odella Leather Holdings Limited (currently known as Web3 Meta Limited) (a company listed on the GEM of the Stock Exchange, stock code: 8093) from January 2015 to March 2017, Forgame Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 484) from January 2016 to April 2020, Shanghai Zendai Property Limited (currently known as DevGreat Group Limited) (a company listed on the Main Board of the Stock Exchange, stock code: 755) from May 2017 to January 2021, 1957 & Co. (Hospitality) Limited (a company listed on the GEM of the Stock Exchange, stock code: 8495) from November 2017 to August 2022, Ruicheng (China) Media Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1640) from October 2019 to June 2024 and World-Link Logistics (Asia) Holding Limited (a company listed on the Main Board of the Stock Exchange, stock code: 6083) from December 2015 to October 2024. He has been serving as an independent non-executive director of Watts International Maritime Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2258) since October 2018. He has also been serving as an independent non-executive director of Insight Lifetech Co Ltd (深圳北芯生命科技股份有限公司), a company principally engaged in the research, development and sales of medical devices for the diagnosis and treatment of cardiovascular diseases, since July 2021.

Mr. How graduated from The Chinese University of Hong Kong with a bachelor of business administration degree in professional accountancy in May 1999.

Mr. How became an associate member of Hong Kong Institute of Certified Public Accountants in February 2005 and a fellow member of the Association of Chartered Certified Accountants in May 2008.



DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Liu Xi (劉西女士), aged 32, joined our Group on 1 March 2018. She is the deputy general manager of corporate planning department of our Group and is primarily responsible for assisting in managing the daily operations, corporate strategic planning and customer planning and creative services of the Group.

Ms. Liu has over 9 years of experience in the advertising and media industry. Prior to joining our Group, from July 2015 to February 2018, she worked as a market operation supervisor of Wuhan Liangdian Shifen Culture Media Co., Ltd. (武漢兩點十分文化傳播有限公司). Since March 2018, she has worked as a deputy general manager of the corporate planning department of Huashi Media.

Ms. Liu graduated from Hubei University (湖北大學) with a college degree in news editing and production (新聞採編與製作) in June 2014.

Ms. Fu Xueqin (傅雪琴女士), aged 33, joined our Group on 13 February 2017. She is an administration and human resources supervisor of our Group and is primarily responsible for managing the daily administration and human resources matters.

Ms. Fu has over 12 years of experience in the administration and human resources matters. Prior to joining our Group, from May 2012 to May 2016, she worked as a budget officer of Wuhan Shengyuan Guojian Labor Services Co., Ltd. (武漢盛源國建勞務有限公司). From August 2016 to February 2017, she worked as an administrative assistant of Wuhan Duocai Shenghuo Real Estate Agency Co., Ltd. (武漢多彩生活房產代理有限公司). Since February 2017, she has worked as an administration and human resources supervisor of Huashi Media.

Ms. Fu graduated from Wuhan College of Industrial Technology (武漢工業職業技術學院), which was subsequently merged into Wuhan City Polytechnic (武漢城市職業學院) in the PRC with a college degree in engineering cost (工程造價) in July 2013.

COMPLIANCE OFFICER

Ms. Xue Yuchun is the compliance officer of our Company. For her biographical details, please refer to the section headed "Executive Directors" above.

COMPANY SECRETARY

Ms. Lai Janette Tin Yun (賴天恩女士) is a senior manager of Company Secretarial Services in Vistra Group, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Lai has been appointed as our company secretary with effect from 30 March 2023. Ms. Lai has over 13 years of experience in the corporate secretarial and compliance service field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Lai is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom since May 2015. Ms. Lai is not an employee of our Company and she provides services to our Company as an external service provider.



DIRECTORS' REPORT

The Board is pleased to present the Directors' Report and the audited consolidated financial statements of the Group for the Reporting Period.

GLOBAL OFFERING

The Company was incorporated as an exempted company in the Cayman Islands on 18 February 2021 with limited liability under the Companies Act of the Cayman Islands. The Company was listed on the main board of the Stock Exchange on 10 November 2023 with the stock code of 1111. Details of the use of net proceeds from the Global Offering are set out in the section headed "Use of the Net Proceeds from the Global Offering" of this Directors' Report.

PRINCIPAL ACTIVITIES

The Group is a branding, advertising and marketing service provider based in Hubei Province, the PRC, providing services across the entire value chain from market research through collaboration with research institutes to execution of branding, advertising and marketing projects through collaboration with different media resources suppliers so as to assist brand owners, advertisers and advertising agents in formulating and implementing effective service proposals to fulfil their promotional needs and marketing objectives, thereby further enhancing their brand reputation among targeted recipients, and improving the competitiveness and market share of their products or services.

An analysis of the Group's revenue and operation profits by principal activities during FY2024 is set out in the section headed "Management Discussion and Analysis" and note 5 to the consolidated financial statements of this annual report.

BUSINESS REVIEW AND RESULTS

Review on the Group's business, including analysis on the Group's performance using major financial performance indicators, details of significant events which materially impacts the Group during the year and indications of expected future development of the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

The Group's results for the Reporting Period is set out on page 125 to the consolidated statement of profit or loss and other comprehensive income of this annual report.

FINAL DIVIDENDS

The Board does not recommend the declaration of any final dividends for FY2024 and no shareholder has given up or agreed to give up any arrangements of dividends.

RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group believes that its success depends on the support of key stakeholders, including employees, customers and suppliers.



DIRECTORS' REPORT

EMPLOYEES

As of 31 December 2024, the Group had a total of 227 full-time employees, all of whom were located in the PRC.

The Group enters into a standard employment contract with each of our full-time employees with terms covering, among other things, position, salaries, employment term, working hours, leave arrangements and other benefits. The remuneration package the Group offered to its employees includes basic salary and discretionary bonuses. In general, the Group determines our employees' salaries based on, amongst others, their qualifications, seniority, working hours, performance, its financial performance and market wages. The Group generally reviews the performance of its employees, which forms the basis of its decisions with respect to salary adjustments, bonuses and promotions annually. The total staff remuneration expenses (including directors' emoluments) for FY2024 was RMB25.7 million (FY2023: RMB20.7 million).

In accordance with relevant national and local social welfare laws and regulations in the PRC, we are required to pay in respect of our employees in the PRC various social security funds including basic pension insurance, unemployment insurance, occupational injury insurance, medical insurance, maternity insurance and housing provident fund. We have complied with the applicable labour laws and regulations in all material respects in respect of statutory welfare or mandatory contributions required of us as an employer in the PRC where we had business operations.

CUSTOMERS

The Group's customers comprise brand owners and advertisers, including private and state-owned enterprises and government authorities; and advertising agents, from a diversified spectrum of industries including beverage, healthcare food production, automobile manufacturing, household essentials manufacturing, tourism and agricultural and related food processing. The Group is dedicated to providing quality services to its customers through establishing an efficient communication mechanism, improving the team's professional level and optimizing the functions of the big data platform, which provides good development foundation for the Group's entire performance.

SUPPLIERS

The Group's suppliers mainly comprised research institutes; advertising resources providers; and advertising agents. Research institutes are institutions which are engaged to conduct market research on the market and industry in which our customers operate, including the latest development and trends of the industry, the opportunities and challenges facing the industry, the nature of the target customers, customers' consumption behavior and preference, and an analysis on the competitive environment, such as the major competitors and the nature of competition in the market. Advertising resources providers (i.e. the ultimate advertising resources operators) are generally companies possessing advertising resources directly, such as agents and/or owners of TV station operators and websites, search engines, social media and e-commerce platforms, and outdoor platforms. Advertising agents are advertising companies which source advertising resources from the ultimate advertising resources suppliers. The Group maintains stable relationships with suppliers to obtain high quality services and advertisement resources, thereby provides high quality brands, advertisement and marketing services to customers.



DIRECTORS' REPORT

MAJOR RISKS AND UNCERTAINTIES

Certain major risks the Group is exposed to include:

1. The Group's operation and financial performance may be adversely affected if the Group is unable to retain current customers, deepen or expand its relationship with customers, or attract new customers to engage the Group to provide brand, advertisement and events execution and production services.
2. The success of our business in providing branding, advertising and marketing services largely depends on the Group's ability to anticipate and respond to consumers' tastes and preferences for marketing methods. If we fail to anticipate and respond to the change of consumers' needs and preferences for marketing, the Group's business, financial position and results of operation may be adversely affected.
3. If there are changes of marketing plan or objectives of customers, and changes in market taste and industry trend, venue cancellation, technical issues and unexpected weather conditions; if the customers terminate our services or delay their payment to us, it could have an adverse effect on our cash flow and results of operations.
4. If the Group is unable to engage research institutes or other research institutes of similar caliber, or if the market research performed by them fails to assist us in identifying the latest market and industry trends and detecting the preferences and potential demands from the target audience of our customers accurately, our reputation, business performance, financial position and profitability may be adversely affected.
5. The Group engages third-party service providers to provide various services. Their failure to provide us with timely and high-quality products or services may materially and adversely affect our business operations.
6. If the Group fails to keep pace with changing technologies and market trends and to introduce successful and well-accepted services for the existing and potential customers, the Group could lose its customers and market share, and its ability to generate revenue could be adversely affected.
7. If the Group fails to maintain its business relationship with the Media Partners or if it loses its market position or popularity among the public, the Group's business, financial condition and results of operations could be materially and adversely affected.
8. The Group has concentrated supplier base and any increases in price of their services or advertising resources could materially and adversely affect the Group's results of operations, financial position and prospects.
9. The Group may face certain risks when collecting trade receivables, if fails to collect, the Group's business, financial position and results of operation may be materially and adversely affected.
10. The Group enjoys certain preferential tax treatments from government. Expiration of, or changes to, these preferential tax treatments could have an adverse effect on the Group's operating results.



DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

For FY2024, (i) the largest customer of the Group accounted for 1.4% of the total revenue (FY2023: 8.0%), and the five largest customers accounted for 6.1% of the total revenue (FY2023: 27.6%) ; and (ii) the largest supplier of the Group accounted for 12.3% of the total purchase amount (FY2023: 16.5%), and the five largest suppliers accounted for 42.7% of the total purchase amount (FY2023: 66.3%).

In 2024, none of the directors of the Company, and their close associates nor any shareholders (which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) has any interests in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 13 to the consolidated financial statements of this annual report.

SHARE CAPITAL

The Company has one class of shares, namely ordinary shares, with a par value of US\$0.05 each. Details of movements in the Company's share capital during the Reporting Period are set out in note 27 to the consolidated financial statements.

DEBENTURES

During the Reporting Period, the Company did not issue any debentures.

DONATIONS

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

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out on pages 128 and 167 of changes in equity of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2024, no reserves of the Company were available for distribution to its Shareholders (31 December 2023: nil).

EQUITY-LINKED AGREEMENT

There was no equity-linked agreement entered into by the Company or subsisting during FY2024.



DIRECTORS' REPORT

DIRECTORS

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

Executive Directors

Mr. Chen Jicheng (*Chairman and Chief Executive Officer*)
Ms. Chen Jizhen (*Vice Chairman*) (*Appointed on 27 March 2025*)
Ms. Wang Shujin
Mr. Zhang Bei
Ms. Xue Yuchun

Independent Non-Executive Directors

Mr. Li Guangdou
Mr. Peng Litang
Dr. He Weifeng
Mr. How Sze Ming

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

On 9 October 2023, Mr. Chen Jicheng, Ms. Wang Shujin, Mr. Zhang Bei and Ms. Xue Yuchun (all of them are executive Directors) have entered into service contracts with the Company for an initial fixed term of three years and shall comply with the provisions such as offering themselves for re-election stipulated by the Articles of Association and in the service contracts. On 27 March 2025, Ms. Chen Jizhen, an executive Director, has entered into a service contract with the Company for an initial fixed term of three years and is subject to re-election as set out in the Articles of Association and the provisions in the service contract. On 9 October 2023, the Company has entered into an appointment letter with each of the independent non-executive Directors for an initial fixed term of three years with effect from 9 October 2023.

The above appointments are subject to the provisions of the Articles of Association with regard to retirement by rotation and re-election.

None of the Directors who is nominated for re-election in the forthcoming annual general meeting of the Company has entered into a service contract (which is not determinable by the Group within one year without payment of compensation (other than statutory compensation)) with any member of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this report, none of the Directors held interests in any business which competed or was likely to compete with the business of the Group as required to be disclosed pursuant to Rule 8.10 of the Listing Rule for the year ended 31 December 2024.



DIRECTORS' REPORT

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contracts of significance had been entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries (excluding the Company) for FY2024, and there were no contracts of significance relating to provision of services between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries (excluding the Company) during the Reporting Period.

NON-COMPETITION UNDERTAKING

To protect our Group from any potential competition, our Controlling Shareholders have entered into the Deed of Non-competition in favor of our Company (for itself and as trustee for each of its subsidiaries), pursuant to which each of our Controlling Shareholders has, among other matters, irrevocably and unconditionally undertaken to us on a joint and several basis that at any time during the Relevant Period (as defined below), each of our Controlling Shareholders shall, and shall procure that their respective associates (other than our Group):

- (i) not, directly or indirectly, either on its own account or in conjunction with or on behalf of any person, firm or company, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any activity or business which competes or is likely to compete, directly or indirectly, with the business of our Group and any other business from time to time conducted, carried on or contemplated to be carried on by any member of our Group (the "**Restricted Activity**");
- (ii) to provide all information requested by our Company which is necessary for an annual review by our independent non-executive Directors of its compliance with the Deed of Non-competition and the enforcement of the Deed of Non-competition; and
- (iii) to make an annual declaration on compliance with its undertaking under the Deed of Non-competition in the annual reports of our Company as our independent non-executive Directors think fit and/or as required by the relevant requirements under the Listing Rules.

Each of our Controlling Shareholders has unconditionally and irrevocably undertaken to us that in the event that it/he or its/his close associate(s) (other than any member of our Group) (the "**Offeror**") is given or offered or has identified any business investment or commercial opportunity which directly or indirectly competes, or may lead to competition with the Restricted Activity (the "**New Opportunities**"), it/he will and will procure its/his close associate(s) (other than members of our Group) to refer the New Opportunities to us as soon as practicable in the following manner:

- (i) each of our Controlling Shareholders is required to, and shall procure its/his close associates (other than members of our Group) to, refer, or to procure the referral of, the New Opportunities to us, and shall give written notice to us of any New Opportunities containing all information reasonably necessary for us to consider whether (a) such New Opportunities would constitute competition with the Restricted Activity; and (b) it is in the interest of our Group to pursue such New Opportunities, including but not limited to the nature of the New Opportunities and the details of the investment or acquisition costs (the "**Offer Notice**") within 10 business days from their receipt or referral of the New Opportunities; and



DIRECTORS' REPORT

- (ii) the Offeror will be entitled to pursue the New Opportunities only if (a) the Offeror has received a notice from us declining the New Opportunities; or (b) the Offeror has not received such notice from us within 30 business days from our receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunities pursued by the Offeror, the Offeror will refer the New Opportunities as so revised to us in the manner as set out above. Upon receipt of the Offer Notice, we will form an independent board committee (the **"Independent Board Committee"**) which comprises all our independent non-executive Directors without the attendance by any Director with beneficial or conflicting interest in such project or business opportunities and seek opinions and decisions from our Independent Board Committee in the manner as to whether (a) such New Opportunities would constitute competition with the Restricted Activity; and (b) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunities.

For the above purpose, the "Relevant Period" means the period commencing from the Listing Date and shall expire on the earlier of:

- (i) the date on which our Controlling Shareholders and their associates, individually or taken as a whole, cease to be our Controlling Shareholders for the purpose of the Listing Rules; and
- (ii) the date on which our Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange.

The Company has received an annual confirmation from each of the covenantors that they have complied with the Deed of Non-competition during the Reporting Period, for disclosure in this annual report.

The independent non-executive Directors have reviewed the performance of the Deed of Non-competition during the Reporting Period based on the information and confirmation provided or given by the Controlling Shareholders and are satisfied that the covenantors have complied with the Deed of Non-competition.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of any transactions, arrangements or contracts of significance entered into by the subsidiaries of the Company, fellow subsidiaries or its parent company which are related to the Group's business and in which the Directors of the Company or any entity connected with the Directors held material interests, whether directly or indirectly, have subsisted at the end of the year or at any time during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of the Company's business have been signed or existed during the Reporting Period.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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



DIRECTORS' REPORT

DEFINED CONTRIBUTION PENSION PLANS

The Group only operates defined contribution pension plans. The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

No forfeited contribution (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) is available to be utilized by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the pension scheme.

Details of the Group's pension and employee benefit schemes are set out in Note 8 to the consolidated financial statements in this annual report.

REMUNERATION POLICY

The Remuneration Committee has been established with an aim to review the remuneration policies and remuneration structure of the Group for the Directors and senior management based on the Group's operating results, the personal performance of Directors and senior management, and comparable market practices.

Details of the remunerations of the Directors and the five highest paid individuals during the Reporting Period are set out in Note 12 to the consolidated financial statements in this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Due to the nature of its business, the Group does not produce any hazardous substances or pollutants in the course of business operation. During the Reporting Period, the Group did not incur any expenses for any failure of compliance with applicable environmental laws and regulations.

The environmental, social and governance report of the Company in accordance with Appendix C2 to the Listing Rules is set out on pages 74 to 118 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's business is mainly operated by the Company's subsidiaries in the PRC and shall comply with the laws, regulations of the regulatory authority in the PRC and be under its regulation. During the Reporting Period, so far as to the best knowledge of the Directors, the Group has complied with relevant laws and regulations of PRC in all material aspects.

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

As at 31 December 2024, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which have been entered in the register required to be kept pursuant to section 352 of the SFO, or which shall be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules are as follows:

(I) INTEREST IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Director/Chief executive	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of the total number of the Company's Shares ⁽¹⁾
Mr. Chen Jicheng	Interest in a controlled corporation	496,334,398(L) ⁽²⁾	64.40%
Ms. Wang Shujin	Interest in a controlled corporation	42,746,550(L) ⁽³⁾	5.55%
Ms. Xue Yuchun	Interest in a controlled corporation	6,530,750(L) ⁽⁴⁾	0.85%

Notes:

The letter "L" denotes a long position of the person in relevant securities.

- (1) The calculation was derived from the total issued shares of 770,650,000 as at 31 December 2024 (without taking into account any shares which may be issued under the Share Option Scheme).
- (2) Mr. Chen Jicheng beneficially owns the total issued share capital of JaiYi Culture Media Limited ("**JaiYi Culture**"), while JaiYi Culture holds 64.40% of the issued share capital of the Company directly. Mr. Chen Jicheng is therefore deemed to be interested in the shares held by JaiYi Culture under the SFO.
- (3) Ms. Wang Shujin beneficially owns the total issued share capital of Yuanjin Culture Media Company Limited ("**Yuanjin Culture**"), while Yuanjin Culture holds 5.55% of the issued share capital of the Company. Ms. Wang Shujin is therefore deemed to be interested in the shares held by Yuanjin Culture under the SFO.
- (4) Ms. Xue Yuchun beneficially owns the total issued share capital of Hubei Jiaying Culture Media Company Limited ("**Hubei Jiaying Culture**"), while Hubei Jiaying Culture holds 0.85% of the issued share capital of the Company directly. Ms. Xue Yuchun is therefore deemed to be interested in the shares held by Hubei Jiaying Culture.



DIRECTORS' REPORT

(II) INTEREST IN ASSOCIATED CORPORATIONS OF THE COMPANY

Name of Director/Chief executive	Name of Associated Corporation	Capacity/Nature of interest	Number of Shares interested	Percentage of the issued share capital of that associated corporation held
Mr. Chen Jicheng	JaiYi Culture	Beneficial owner	1(L)	100%

Notes:

The letter "L" denotes a long position of the person in relevant securities.

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

As at 31 December 2024, to the knowledge of the Directors, the interests or short positions which are required to be kept by the Company recorded in the register pursuant section 336 of the SFO owned by the following persons (other than Directors and chief executive of the Company) or organizations in the shares or underlying shares are as follows:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares interested	Approximate percentage of the total number of the Company's Shares ⁽¹⁾
JaiYi Culture	Beneficial owner	496,334,398(L) ⁽²⁾	64.40%
Yuanjin Culture	Beneficial owner	42,746,550(L) ⁽³⁾	5.55%
Nie Xing	Interest in a controlled corporation	38,739,000(L) ⁽⁴⁾	5.03%
Youxin Capital Company Limited	Beneficial owner	38,739,000(L) ⁽⁴⁾	5.03%

Notes:

The letter "L" denotes a long position of the person in relevant securities.

- (1) The calculation was derived from the total issued shares of 770,650,000 as at 31 December 2024 (without taking into account any shares which may be issued under the Share Option Scheme).
- (2) As at 31 December 2024, JaiYi Culture held 496,334,398 shares of the Company directly. Jaiyi Culture is wholly owned by Mr. Chen Jicheng. Mr. Chen Jicheng is therefore deemed to be interested in the shares held by Jaiyi Culture under the SFO.
- (3) As at 31 December 2024, Yuanjin Culture held 42,746,550 shares of the Company directly. Yuanjin Culture is wholly owned by Ms. Wang Shujin. Ms. Wang Shujin is therefore deemed to be interested in the shares held by Yuanjin Culture under the SFO.
- (4) As at 31 December 2024, Youxin Capital Company Limited ("Youxin Capital") held 38,739,000 shares of the Company directly. Youxin Capital is wholly owned by Nie Xing. Mr. Nie Xing is therefore deemed to be interested in the shares held by Youxin Capital under the SFO.



DIRECTORS' REPORT

DIRECTORS' RIGHT TO PURCHASE SHARES OR DEBENTURES

Except as disclosed in this annual report, the Company or its subsidiaries or consolidated affiliated entities did not enter into any arrangement at any time during the Reporting Period to enable the Directors to acquire benefits by purchasing the shares or debentures of the Company or any other body corporate, and no directors or their spouses or children under the age of 18 had been 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.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

There were no convertible securities, options, warrants or similar rights issued or granted by the Company or any of its subsidiaries as at 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted pursuant to the written resolutions of our Shareholders passed on 9 October 2023 (the "**Adoption Date**"). The purpose of the Share Option Scheme is to enable our Company to grant options to selected participants as incentive or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme will enable our Group to reward our employees, our Directors and other selected participants for their contributions to our Group. The terms of the Share Option Scheme are in accordance with Chapter 17 of the Listing Rules and other relevant rules and regulations.

The number of options available for grant under the Scheme Limit and the Service Provider Sublimit as at 31 December 2024 were 77,065,000 and 7,706,500, respectively. No options were granted under the Share Option Scheme from the Listing Date to 31 December 2024.

As at 31 December 2024, the remaining life of the Share Option Scheme was approximately 8.8 years.



DIRECTORS' REPORT

1. Purpose and Eligible Participants and Administration

- 1.1. The purpose of the Share Option Scheme is to enable the Board to grant options ("**Share Options**") to the Eligible Participants as incentives or rewards for their contribution or potential contribution to the growth and development of our Group and to attract and retain personnel to promote the sustainable development of our Group. The basis of eligibility of any of the Eligible Participants to the grant of Share Options shall be determined by the Board from time to time on the basis of the Board's opinion as to his/her contribution or potential contribution to the development and growth of the Group.

For the purpose of the Share Option Scheme, "Eligible Participants" shall include:

- (a) Director(s) and employee(s) (whether full time or part time) of the Company or any of its subsidiaries (including persons who are granted Share Options as an inducement to enter into employment contracts with the Company or any of its subsidiaries) ("**Employee Participant(s)**");
 - (b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company ("**Related Party Participant(s)**"); and
 - (c) person(s) (whether a natural person, a corporate entity or otherwise) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person(s) who work for the Company as independent contractors (including advisers, consultants, distributors, contractors, suppliers, agents and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or those who are required to perform their services with impartiality and objectivity ("**Service Provider(s)**");
- 1.2. The eligibility of any of the Eligible Participants to an offer for the grant of a Share Option ("**Offer**") shall be determined by the Board from time to time on the basis of the Board's opinion as to the Eligible Participant's contribution to the development and growth of the Group. In assessing whether Share Options are to be granted to any Eligible Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions provided by such Eligible Participant to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing development of the Group, the positive impacts which such Eligible Participant has brought to the Group's business and development and whether granting Share Options to such Eligible Participant is an appropriate incentive to motivate such Eligible Participant to continue to contribute towards the betterment of the Group.
- (a) In assessing the eligibility of Employee Participant(s), the Board will consider all relevant factors as appropriate, including, among others:
 - (i) his/her skills, knowledge, experience, expertise and other relevant personal qualities;
 - (ii) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard;
 - (iii) his/her contribution made or expected to be made to the growth of the Group; and
 - (iv) his/her educational and professional qualifications, and knowledge in the industry.



DIRECTORS' REPORT

- (b) In assessing the eligibility of Related Entity Participant(s), the Board will consider all relevant factors as appropriate, including, among others:
 - (i) the positive impacts brought by, or expected from, the Related Entity Participant on the Group's business development in terms of, amongst other things, an increase in turnover or profits and/or an addition of expertise to the Group;
 - (ii) the period of engagement or employment of the Related Entity Participant by the Group;
 - (iii) the number, scale and nature of the projects in which the Related Entity Participant is involved;
 - (iv) whether the Related Entity Participant has or expected to refer or introduce opportunities to the Group which have or likely to materialize into further business relationships;
 - (v) whether the Related Entity Participant has or expected to assist the Group in tapping into new markets and/or increased its market share; and
 - (vi) the materiality and nature of the business relation of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship.
- (c) Amongst the Service Providers eligible for the granting of Share Options:
 - (i) distributors, contractors, suppliers and agents are to directly contribute to the long-term growth of the Group's business by taking roles or providing services that are in a continuing and recurring nature in its ordinary and usual course of business. The work of distributors, contractors, suppliers and agents are closely connected with the Group's principal business, and their performances will contribute to the operating performance and financial results of the Group;
 - (ii) advisers, consultants and service providers are those who would play significant roles in the Group's business development by contributing their specialized skills and knowledge in the business activities of the Group on a continuing and recurring basis. Such advisers, consultants and service providers would possess industry-specific knowledge or expertise or valuable experience or deep understanding or insight in the business, financial or commercial areas of the Group. Their continuing and recurring engagement and cooperation with the Group would benefit the Group with frequent and successive strategic advice and guidance in its ordinary and usual course of business, which are substantively comparable to contributions of highly skilled or executive employees of the Group. In assessing the eligibility of Service Provider(s), the Board will consider all relevant factors as appropriate, including, among others:



DIRECTORS' REPORT

- (iii) in respect of agents, distributors, contractors and suppliers:
 - A. the scale of the Service Provider's business dealings with the Group in terms of purchases or sales attributable to him;
 - B. the ability of the Service Provider to maintain the quality of services;
 - C. the performance of the Service Provider(s) and track record, including whether the Service Provider has a proven track record of delivering quality services;
 - D. the benefits and strategic value brought by the Service Provider to the Group's development and future prospects in terms of the profits and/or income attributable to the Service Provider's collaboration with the Group;
 - E. the scale of the Service Provider's collaboration with the Group and the length of business relationships between the Service Provider and the Group; and
 - F. the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group.
 - (iv) in respect of advisers, consultants and service providers:
 - A. the expertise, professional qualifications and industry experience of the Service Provider;
 - B. the performance and track record of the Service Provider, including whether the Service Provider has a proven track record of delivering quality services;
 - C. the prevailing market fees chargeable by other services providers;
 - D. the Group's period of engagement of or collaboration with the Service Provider; and
 - E. the Service Provider's actual or potential contribution to the Group in terms of a reduction in costs or an increase in turnover or profit;
- 1.3. Subject to the rules of the Share Option Scheme, the Board may, at any time on a Business Day during the period commencing from the Adoption Date and expiring at the close of business on the day preceding the tenth anniversary of the Adoption Date, at its absolute discretion and on and subject to such terms, conditions, restrictions or limitations as it may think fit in writing offer to grant Share Options to Eligible Participants to subscribe at the Exercise Price.



DIRECTORS' REPORT

- 1.4. The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein) be final and binding on all parties. The Board shall have the right to (a) interpret and construe the provisions of this Share Option Scheme; (b) determine the persons (if any) who shall be offered Share Options under the Share Option Scheme, and the number of Shares and Exercise Price of the Share Option, subject to paragraph 5; (c) subject to paragraphs 9 and 11, make such adjustments to the terms of the Share Options granted under the Share Option Scheme to the relevant Eligible Participant (“**Grantee**”) who accepted the Offer as the Board deems necessary, and shall notify the relevant Grantee of such adjustment by written notice; and (d) make such other decisions or determinations as it shall deem appropriate in relation to the Offer and/or the administration of the Share Option Scheme provided that the same are not inconsistent with the provisions of the Share Option Scheme and the Listing Rules. Without prejudice to the generality of the foregoing, the Board may delegate the administration of the exercise and delivery of Shares upon the exercise of Share Options to third party professional service providers as it may think fit.

2. Duration

- 2.1. The Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which period, no further Share Options shall be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. Share Options granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the 10-year period.
- 2.2. A Grantee shall ensure that the acceptance of the Offer, the holding and exercise of the Share Option in accordance with the Share Option Scheme, the allotment and issue of Shares to him/her upon the exercise of the Share Option and the holding of such Shares are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he/she is subject. The Directors may, as a condition precedent of making an Offer and allotting Shares upon an exercise of a Share Option, require an Eligible Participant or a Grantee (as the case may be) to produce such evidence as they may reasonably require for such purpose.

3. Conditions for the Grant of Share Option

- 3.1. The Share Option Scheme or the grant of any Share Option is conditional on:
- (a) the passing by the Shareholders at a general meeting of the Company of an ordinary resolution to approve the adoption of the Share Option Scheme and to authorise the Board to grant Share Options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Share Option; and
 - (b) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of any Share Option which may be granted under the Share Option Scheme.



DIRECTORS' REPORT

4. Grant of Share Options

- 4.1. Subject to paragraph 4.2, the Directors shall, in accordance with the provisions of the Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an Offer to any Eligible Participant to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe, for such number of Shares (being a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof) at such price per Share at which a Grantee may subscribe for the Shares on the exercise of a Share Option, as determined in accordance with paragraph 5 (the “**Exercise Price**”), as the Directors shall, subject to paragraph 8 and at their discretion, determine.
- 4.2. Without prejudice to paragraph 8.8 below, the making of an Offer to any Director or chief executive of the Company or substantial shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of a Share Option).
- 4.3. Any Offer shall be made to an Eligible Participant in writing (and otherwise so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares covered by such Share Option, the period during which such Option Period can be exercised (“**Option Period**”) and any terms and conditions, restrictions and/or limitations applicable to the Share Option, and further requiring the Eligible Participant to undertake to hold the Share Option on the terms on which it is to be granted and the Offer shall include a statement to the effect that any acceptance thereof shall render the Eligible Participant to whom the Offer is made bound by the provisions of the Scheme. The Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 30 days from the date of the Offer (“**Offer Date**”).
- 4.4. An Offer shall state, in addition to the matters specified in paragraph 4.3, the following:
- (a) the name, address and occupation of the Eligible Participant;
 - (b) the number of Shares under the Share Option in respect of which the Offer is made and the Exercise Price for such Shares;
 - (c) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares under the Share Option comprised in the Offer;
 - (d) the last date by which the Offer must be accepted (which must not be later than 30 days from the Offer Date);
 - (e) a minimum period for which a Share Option must be held before it is vested and exercisable, which shall not be less than 12 months;
 - (f) the procedure for acceptance;



DIRECTORS' REPORT

- (g) the performance target(s) (if any) that must be attained by the Eligible Participant before any Share Option can be exercised;
 - (h) the clawback mechanism for the Company to recover or withhold any Share Option granted to any Eligible Participants (if any) in the event of, for example, serious misconduct, a material misstatement in the Company's financial statements or other special circumstances as identified by the Board;
 - (i) such other terms and conditions of the Offer as may be imposed by the Directors which in their opinion are fair and reasonable and not inconsistent with the Share Option Scheme; and
 - (j) a statement requiring the Eligible Participant to undertake to hold the Share Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme including, without limitation, the conditions specified in, among other things, paragraphs 4.3 and 6.1.
- 4.5. An Offer shall be accepted by an Eligible Participant in respect of all Shares under the Share Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 30 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.6. Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares under the Share Option which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 30 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.7. Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraphs 4.5 or 4.6, a Share Option in respect of the number of Shares of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraphs 4.5 or 4.6, it will be deemed to have been irrevocably declined.
- 4.8. The Option Period of a Share Option must not be more than ten (10) years after the Offer Date.
- 4.9. Share Options will not be listed or dealt in on the Stock Exchange.
- 4.10. The vesting period in respect of any Option granted to any Eligible Participant shall not be shorter than 12 months from the date of acceptance of the Offer, provided that where the Eligible Participant is:
- (a) An Employee Participant who is a Director or a senior manager specifically identified by the Company, the Remuneration Committee shall, or



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- (b) An Employee Participant who is not a Director nor a senior manager specifically identified by the Company, the Directors shall have the authority to determine a shorter vesting period, if the Remuneration Committee of the Company or the Directors consider that a shorter vesting period is appropriate to align with the purpose of the Share Option Scheme after having taken into consideration the experience and seniority of the relevant Employee Participant, the number of Shares held by such Employee Participant, his remuneration package, his contributions to the Group and his performance level, any performance based vesting conditions prescribed under the Offer, administrative and compliance arrangements, and such other factors as the Remuneration Committee of the Company (or, as the case may be, the Directors) considers to be relevant or appropriate.

4.11. For so long as the Shares are listed on the Stock Exchange:

- (a) an Offer may not be made after a price-sensitive event or inside information has come to the knowledge of the Company until (and including) the trading day after it has announced the information. In particular, during the period commencing one month immediately preceding the earlier of:
 - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the actual date of publication of the results announcement, and no Option may be granted during any period of delay in publishing a results announcement.
- (b) without prejudice to paragraph 4.11(a), an Offer may not be made to an Eligible Participant who is a Director during the periods of time in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, or any corresponding code or securities dealing restrictions adopted by the Company.

5. Exercise Price

The Exercise Price in respect of any Share Option shall, subject to any adjustments made pursuant to paragraph 9, be at the discretion of the Directors, provided that it must be at least the highest of:

- (a) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the Offer Date;
- (b) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Shares on the Offer Date;

provided that in the event of fractional prices, the Exercise Price per Share shall be rounded upwards to the nearest whole cent.



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6. Exercise of Share Options

- 6.1. A Share Option must be personal to the Grantee and must not be transferable or assignable, save where applicable under the Listing Rules and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favor of any third party over or in relation to any Share Option or enter into any agreement to do so. Where (i) the Directors give their express consent in writing (which consent may or may not be given by the Directors at their absolute discretion), and (ii) the Stock Exchange gives any express waiver, the Option held by a Grantee may be allowed to be transferred to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (for purposes of estate planning or tax planning or such other reasons as the Directors and the Stock Exchange consider to be justifiable) that would continue to meet the purpose of the Share Option Scheme and comply with the requirements of Chapter 17 of the Listing Rules. In connection with the application for the above consent from the Directors and the above waiver from the Stock Exchange, the Grantee shall (b-1) provide information on the beneficiaries or discretionary objects of the trust or the ultimate beneficial owners of the transferee vehicle, as well as such other information as may be required by the Directors or the Stock Exchange, and (b-2) consent to the disclosure of such information in the announcement, circular and/or report to be published by the Company.
- 6.2. Subject to, among other things, paragraph 4.3 and the fulfilment of all terms and conditions attached to the Share Options, including the attainment of any performance targets (if any), a Share Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 6.4 and 6.5 by giving notice in writing to the Company stating that the Share Option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the number of Shares in respect of which the Share Option remains unexercised is less than one board lot or where the Share Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for Shares in respect of which the notice is given. Within 30 days (seven days in the case of an exercise pursuant to paragraph 6.4(c)) after receipt of the notice and, where appropriate, receipt of the certificate of the auditors or the independent financial advisers pursuant to paragraph 9, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Share Option by a personal representative pursuant to paragraph 6.4(a), to the estate of the Grantee) fully paid and issue to the Grantee (or his/her estate in the event of an exercise by his/her personal representative as aforesaid) the relevant share certificate(s) in respect of the Shares so allotted and issued.
- 6.3. Unless otherwise determined by the Board and specified in the Offer, there is generally no performance target that needs to be achieved before the exercise of a Share Option granted to a Grantee nor there is any clawback mechanism for the Company to recover or withhold the Share Options granted to any Eligible Participant.



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- 6.4. Subject as hereinafter provided in the Share Option Scheme, a Share Option may only be exercised by the Grantee at any time during the Option Period provided that:
- (a) if the Grantee is an Employee Participant and in the event of his/her ceasing to be a Grantee by reason of his/her death, ill-health or retirement in accordance with his/her contract of employment before exercising the Share Option in full, his/her personal representative(s) or, as appropriate, the Grantee may exercise the Share Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 6.2 within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant subsidiary of the Company whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 6.4(c) or 6.4(d) occur during such period, exercise the Share Option pursuant to paragraph 6.4(c) or 6.4(d) respectively;
 - (b) if the Grantee is an Employee Participant and in the event of his/her ceasing to be a Grantee for any reason other than (1) his/her death, ill-health or retirement in accordance with his/her contract of employment or (2) the termination of his/her employment on one or more of the grounds specified in paragraph 7.1(d) before exercising the Share Option in full, the Share Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Share Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 6.4 within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph 6.4(c) or 6.4(d) occur during such period, exercise the Share Option pursuant to paragraph 6.4(c) or 6.4(d) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee actually worked for the Company or the relevant subsidiary of the Company whether salary is paid in lieu of notice or not;
 - (c) if a general or partial offer, whether by way of takeover offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavors to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Share Options granted to them, the Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other terms on which his/her Share Options were granted, be entitled to exercise the Share Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 6.5 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be;



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- (d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days before the date on which such resolution is to be considered and/or passed, exercise his/her Share Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 6.5 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his/her Share Option not less than one (1) day before the date on which such resolution is to be considered and/or passed whereupon he/she shall accordingly be entitled, in respect of the Shares allotted and issued to him/her in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Share Options then outstanding shall lapse and determine on the commencement of the winding-up; and
 - (e) if a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which the Company was incorporated, the Company shall give notice to all the Grantees of the Share Options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and any Grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given (such notice to be received by the Company no later than two (2) Business Days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise of the Share Option credited as fully paid and register the Grantee as holder thereof. With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Share Options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of Grantees to exercise their respective Share Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.
- 6.5. Shares to be allotted and issued upon the exercise of a Share Option will be subject to the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders thereof to participate in all dividends or distributions paid or made on or after the name of the Grantee is registered on the register of members of the Company, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date when the name of the Grantee is registered on the register of members of the Company. A Share allotted and issued upon the exercise of a Share Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.



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7. Early Termination of Option Period

- 7.1. The Option Period in respect of any Share Option shall automatically terminate and that Share Option (to the extent not already exercised) shall lapse at the earliest of:
- (a) the expiry of the Option Period as may be determined by the Directors;
 - (b) the expiry of any of the periods referred to in paragraph 6.4;
 - (c) the date of commencement of the winding-up of the Company;
 - (d) in respect of a Grantee who is an Employee Participant when an Offer is made to him/her, the date on which the Grantee ceases to be an Employee Participant by reason of a termination of his/her employment on any one or more of the grounds that he/she has been guilty of persistent or serious misconduct, or has been liable for a material misstatement in the Company's financial statements, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute and does not involve his integrity or honesty) or (if so determined by the Board) on any other grounds on which an employer would be entitled to terminate his employment summarily;
 - (e) in respect of a Grantee other than an Employee Participant, the date on which the Board shall at their absolute discretion determine that: (i) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group on the other part; or (ii) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (iii) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and
 - (f) the date on which the Directors shall exercise the Company's right to cancel the Share Option by reason of a breach of paragraph 6.1 by the Grantee in respect of that or any other Share Option.
- 7.2. A resolution of the Directors or written communication on behalf of the Board to the effect that the employment of a Grantee has been terminated on one or more of the grounds specified in paragraphs 7.1(d) and (e) has occurred shall be conclusive and binding on all persons who may be affected thereby.
- 7.3. Transfer of employment of a Grantee who is an Employee Participant from one member of the Group to another member of the Group shall not be considered a cessation of employment. It shall not be considered a cessation of employment if a Grantee who is an employee of the Group is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.

8. Maximum Number of Shares Available for Subscription

- 8.1. The maximum number of Shares which may be allotted and issued upon exercise of all Share Options, share options or share awards to be granted under the Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date (being 77,065,000, representing 10% of the shares in issue of the Company as at the date of this report) (the "**Scheme Limit**").
- 8.2. Subject to paragraph 8.1, the total number of Shares which may be allotted and issued in respect of all Share Options or share options or share awards to be granted to Service Providers under the Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company must not in aggregate exceed 1% of the total number of Shares in issue as at the Listing Date ("**Service Provider Sublimit**").
- 8.3. For the avoidance of doubt, the Shares underlying any Share Options granted under the Share Option Scheme or any other share option schemes of the Company which have been cancelled will be counted for the purpose of calculating the Scheme Limit and Service Provider Sublimit. Where the Company has reissued such cancelled Share Options, the Shares underlying both the cancelled Share Options and the re-issued Share Options will be counted as part of the total number of Shares subject to paragraphs 8.1 and 8.2. The Share Options, share options or share awards lapsed in accordance with the terms of the Share Option Scheme or (as the case may be) any other share option scheme(s) or share award scheme(s) of the Company will, however, not be regarded as utilized for the purpose of calculating the Scheme Limit and Service Provider Sublimit.
- 8.4. If the Company conducts a share consolidation or subdivision after the Scheme Limit or the Service Provider Sublimit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all Share Options or share awards to be granted under all of the share option scheme(s) or share award scheme(s) of the Company under the Scheme Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.
- 8.5. The Scheme Limit (and the Service Provider Sublimit) may be refreshed at any time by obtaining approval of the Shareholders in general meeting after three years from Adoption Date or the date of Shareholders' approval for the last refreshment, provided that:
 - (a) the total number of Shares which may be issued in respect of all share options and shares awards to be granted under all of the share option scheme(s) or share award scheme(s) of the Company under the Scheme Limit as refreshed (the "**New Scheme Limit**") must not exceed 10% (and the Service Provider Sublimit as refreshed (the "**New Service Provider Sublimit**") must not exceed 1%) of the Shares in issue at the date of the Shareholders' approval of such New Scheme Limit (and New Service Provider Sublimit). Share Options, share options or share awards previously granted under the Scheme or any other share option scheme(s) or share award scheme(s) of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of this Scheme or any other share option scheme(s) or share award scheme(s) of the Company) will not be counted for the purpose of calculating the total number of Shares subject to the New Scheme Limit (and New Service Provider Sublimit). The Company must send a circular to its Shareholders containing the number of Share Options, share options and share awards that were already granted under the existing Scheme Limit and the existing Service Provider Sublimit, and the reason for the refreshment;



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- (b) any refreshment to the Scheme Limit (and the Service Provider Sublimit) within any three-year period must be approved by the Shareholders, where any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of Company and their respective associates) must abstain from voting in favor of the relevant resolution at the general meeting and in accordance with the requirements under the Listing Rules; and
 - (c) the requirements under paragraph 8.5(b) do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2) of the Listing Rules such that the unused part of the Scheme Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Limit immediately before the issue of securities, rounded to the nearest whole Share.
- 8.6. Without prejudice to paragraph 8.5, the Company may seek separate Shareholders' approval in general meeting to grant Share Options beyond the Scheme Limit (or the Service Provider Sublimit) or, if applicable, the extended limits referred to in paragraph 8.5, provided the share options or share awards in excess of the Scheme Limit (or the Service Provider Sublimit) are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing the name of each specified Eligible Participant who may be granted such share options or share awards, the number and terms of the share options or share awards to be granted to each Eligible Participant, and the purpose of granting options or awards to the specified Eligible Participants with an explanation as to how the terms of the share options or share awards serve such purpose. The number and terms of share options or share awards to be granted to such Eligible Participant must be fixed before Shareholders' approval.
- 8.7. Subject to paragraph 8.8, where any grant of Share Option to a Grantee under the Share Option Scheme would result in the Shares issued and to be issued upon exercise of all Share Options or share awards granted and proposed to be granted to such person (excluding any Share Options or share awards lapsed in accordance with the terms of the Share Option Scheme or other share option scheme(s) or share award scheme(s) of the Company) under this Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Grantee and his close associates (or his associates if the Grantee is a connected person of the Company) abstaining from voting. The number and terms of Shares Options or share awards to be granted to such participant must be fixed before Shareholders' approval.
- 8.8. Without prejudice to paragraphs 4.2 and 4.3, each grant of Share Options to a Director, chief executive of the Company or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the Share Options).



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- 8.9. Where any grant of Share Options to an independent non-executive Director or a substantial shareholder of the Company (or any of their respective associates) would result in the Shares issued and to be issued in respect of all Share Options, share options or share awards granted (excluding any Share Options, share options or share awards lapsed in accordance with the Share Option Scheme or other share option scheme(s) or share award scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Share Options shall be subject to the approval by the Shareholders in general meeting at which the Grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favor at such general meeting, and in accordance with the Listing Rules.
- 8.10. For the purpose of seeking the approval of the Shareholders under paragraphs 8.7 and 8.9, the Company must send a circular to its Shareholders containing the information required under the Listing Rules, within such time as may be specified in the Listing Rules.
- 8.11. Any change in the terms of Share Options granted to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company or an independent non-executive Director of the Company, or any of their respective associates, must be approved by the Shareholders in the manner as set out in Rule 17.04(4) of the Listing Rules if the initial grant of the Share Options requires such approval (except where the changes take effect automatically under the existing terms of the Share Option Scheme).

9. Adjustments to the Exercise Price

- 9.1. In the event of any alteration in the capital structure of the Company whilst any Share Option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the Shares, reduction of the share capital of the Company, then, in any such case the Company shall request the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:
- (a) the number or nominal amount of Shares to which the Share Option Scheme or any Share Option(s) relates (insofar as it is/they are unexercised); and/or
 - (b) the Exercise Price of any Share Option; and/or
 - (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in a Share Option or which remain comprised in a Share Option, and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:
 - (i) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company, rounded to the nearest whole Share, for which such Grantee would have been entitled to subscribe had he/she exercised all the Share Options held by him/her immediately prior to such adjustment;



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- (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (iii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (iv) any such adjustment shall be made in compliance with such rules, codes and guidance notes of the Stock Exchange from time to time.

Subject to compliance with the requirements as provided in this paragraph 9, if there is any capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company prior to the exercise of the Share Options, an adjustment to the number of Share Options shall be made in accordance with the Stock Exchange's FAQ number 072-2020 in relation to Chapter 17 of the Listing Rules (the "FAQ"). The method of adjustment is set out as below:

- (a) Conversion of capital reserve into new Shares, issue of bonus Shares or share subdivision

$$Q = Q0 \times (1 + n)$$

Where: "Q0" represents the number of Share Options before the adjustment; "n" represents the ratio per Share of the conversion of capital reserves into new Shares, issue of bonus Shares or share subdivision; "Q" represents the number of Share Options after the adjustment.

- (b) Consolidation of Shares or share subdivision or reduction of the share capital

$$Q = Q0 \times n$$

Where: "Q0" represents the number of Share Options before the adjustment; "n" represents the ratio of consolidation or share subdivision or reduction of share capital; "Q" represents the number of Share Options after the adjustment.

- (c) Rights issue

$$Q = Q0 \times P1 \times (1 + n) \div (P1 + P2 \times n)$$

Where: "Q0" represents the number of Share Options before the adjustment; "P1" represents the closing price as at the record date; "P2" represents the subscription price of the rights issue; "n" represents the ratio of allotment; "Q" represents the number of Share Options after the adjustment.



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Subject to compliance with the requirements as provided in this paragraph 9, capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company prior to the exercise of the Share Options, an adjustment to the Exercise Price shall be made in accordance with the FAQ. The method of adjustment is set out below:

- (a) Conversion of capital reserve into new Shares, issue of bonus Shares or share subdivision

$$P = P0 \div (1 + n)$$

Where: "P0" represents the Exercise Price before the adjustment; "n" represents the ratio per Share of the conversion of capital reserves into new Shares, issue of bonus Shares or share subdivision; "P" represents the Exercise Price after the adjustment.

- (b) Consolidation of Shares or share subdivision or reduction of the share capital

$$P = P0 \div n$$

Where: "P0" represents the Exercise Price before the adjustment; "n" represents the ratio of consolidation or share subdivision or reduction of share capital; "P" represents the Exercise Price after the adjustment.

- (c) Rights issue

$$P = P0 \times (P1 + P2 \times n) \div (P1 \times (1 + n))$$

Where: "P0" represents Exercise Price before the adjustment; "P1" represents the closing price as at the record date; "P2" represents the Exercise Price of the rights issue; "n" represents the ratio of allotment; "P" represents the Exercise Price after the adjustment. In respect of any adjustment referred to in this paragraph 9.1, other than any adjustment made on a capitalisation issue, the auditors or such independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

- 9.2. If there has been any alteration in the capital structure of the Company as referred to in paragraph 9.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 6.2, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 9.1.
- 9.3. In giving any certificate under this paragraph 9, the auditors or the independent financial adviser appointed under paragraph 9.1 shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby. The costs of the auditors or the independent financial adviser to the Company shall be borne by the Company.



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10. Cancellation of Share Options Granted

- 10.1. Subject to paragraph 6.1 and Chapter 17 of the Listing Rules, any Share Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors.
- 10.2. Where the Company cancels any unvested Share Option granted to a Grantee or any vested (but not exercised) Share Option and issues new Share Option(s) to the same Grantee, the issue of such new Share Option(s) may only be made with available Scheme Limit, Service Provider Sublimit or the limits approved by the Shareholders pursuant to paragraph 8.5.
- 10.3. The Share Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Limit (and the Service Provider Sublimit).

11. Alteration of the Share Option Scheme

- 11.1. Subject to paragraphs 11.2 to 11.4, the Share Option Scheme may be altered in any respect by a resolution of the Directors except that:
 - (a) any alteration to the provisions of the Share Option Scheme which are of a material nature; and
 - (b) any alteration to the provisions of the Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules to the advantage of Grantees;must be approved by a resolution of the Shareholders in general meeting.
- 11.2. Any change to the terms of Share Options granted to an Eligible Participant must be approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Share Options was approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be) in accordance with the terms of the Share Option Scheme and Chapter 17 of the Listing Rules, unless the alterations take effect automatically under the existing terms of the Share Option Scheme.
- 11.3. Any change to the authority of the Directors or the administrators of the Share Option Scheme to alter the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.
- 11.4. The amended terms of the Share Option Scheme and/or any Share Options pursuant to this paragraph 11 must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- 11.5. Where the terms of the Share Option Scheme are amended, the Company shall, immediately upon such changes taking effect, provide to all Eligible Participants all details relating to changes in the terms of this Share Option Scheme during the life of this Share Option Scheme.

12. Termination of the Share Option Scheme

The Company by resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further Share Options will be offered, but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Share Options (to the extent not already exercised) granted or any Share Options exercised but remaining outstanding prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme, and Share Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme. Details of the Share Options granted, including Share Options exercised or outstanding, under the Share Option Scheme must be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established or refreshment of scheme mandate limit under any existing scheme after such termination.

PRESENT STATUS OF THE SHARE OPTION SCHEME

Since the effective date of the Share Option Scheme and up to the date of this report, the Company has not granted or agreed to grant any options under the Share Option Scheme.

USE OF THE NET PROCEEDS FROM THE GLOBAL OFFERING

The Company issued 125,000,000 shares by Global Offering at the consideration of HK\$1.04 per share, and was listed on the main board of the Stock Exchange on 10 November 2023. The net proceeds from the Global Offering received by the Company (after deducting underwriting fees and commissions and other expenses payable of the Company related to the Global Offering) was approximately HK\$72.14 million, which will be utilized in the manner described in the section headed "Future Plans and Use of Proceeds" to the Prospectus.

IMPLEMENTATION PLAN

The following table sets forth the usage of the proceeds from listing by the Company as at 31 December 2024:

Business strategies	Aggregate amount (HK\$'million)	Proportion %	Amount not utilized as of 31 December 2023 (HK\$'million)	Amount utilized as of 31 December 2024 (HK\$'million)	Amount not utilized as of 31 December 2024 (HK\$'million)	Expected time to utilize the remaining net proceeds
I. Strengthen data analytical capabilities and further enhance our branding services	22.06	30.6	11.95	22.06	–	–
(i) Establish our branding data platform and R&D database	14.50		7.25	14.50	–	–
(ii) Acquire more comprehensive market and industry data	7.00		4.19	7.00	–	–
(iii) Recruitment of additional staff for our R&D department	0.56		0.51	0.56	–	–

DIRECTORS' REPORT

Business strategies	Aggregate amount (HK\$'million)	Proportion %	Amount not utilized as of 31 December 2023 (HK\$'million)	Amount utilized as of 31 December 2024 (HK\$'million)	Amount not utilized as of 31 December 2024 (HK\$'million)	Expected time to utilize the remaining net proceeds
II. Expand our online media advertising services	14.91	20.7	8.47	14.91	–	–
(i) Enhance our online media advertising platform	4.66		2.32	4.66	–	–
1. Engagement of IT service provider to enhance our online media advertising platform	2.33		1.16	2.33	–	–
2. Procurement of software	0.93		0.46	0.93	–	–
3. Procurement of hardware	1.40		0.70	1.40	–	–
(ii) Develop in-house content production capabilities	10.25		6.15	10.25	–	–
1. Setting up of video studio premises	4.33		2.60	4.33	–	–
2. Purchase of equipment and software	5.92		3.55	5.92	–	–
III. Expand the geographical reach of our services	19.23	26.6	19.23	–	19.23	By 31 December 2025
(i) Setting up of new office in Beijing	9.63		9.63	–	9.63	By 31 December 2025
1. Rental cost	2.77		2.77	–	2.77	By 31 December 2025
2. Decoration cost	1.15		1.15	–	1.15	By 31 December 2025
3. Staff cost	4.57		4.57	–	4.57	By 31 December 2025
4. Office facilities cost	0.54		0.54	–	0.54	By 31 December 2025
5. Other administrative expenses	0.60		0.60	–	0.60	By 31 December 2025

DIRECTORS' REPORT

Business strategies	Aggregate amount (HK\$'million)	Proportion %	Amount not utilized as of 31 December 2023 (HK\$'million)	Amount utilized as of 31 December 2024 (HK\$'million)	Amount not utilized as of 31 December 2024 (HK\$'million)	Expected time to utilize the remaining net proceeds
(ii) Setting up of new office in Shanghai	9.60		9.60	–	9.60	By 31 December 2025
1. Rental cost	2.50		2.50	–	2.50	By 31 December 2025
2. Decoration cost	1.15		1.15	–	1.15	By 31 December 2025
3. Staff cost	4.81		4.81	–	4.81	By 31 December 2025
4. Office facilities cost	0.54		0.54	–	0.54	By 31 December 2025
5. Other administrative expenses	0.60		0.60	–	0.60	By 31 December 2025
IV. Improve our brand recognition and increase our marketing efforts	9.70	13.4	8.95	1.42	8.28	By 31 December 2025
(i) Organise and host marketing events and activities	9.70		8.95	1.42	8.28	By 31 December 2025
V. Working capital	6.24	8.7	6.24	3.64	2.60	By 31 December 2025
Total:	72.14	100.0	54.84	42.03	30.11	

As of 31 December 2024, the Group has utilized the net proceeds from the Global Offering of HK\$42.03 million.

FUTURE PLANS FOR SIGNIFICANT INVESTMENT AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in the section headed “Use of the Net Proceeds from the Global Offering” in this annual report, the Group did not have any future plans for significant investment and capital assets during the Reporting Period.



DIRECTORS' REPORT

CHANGES IN DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INFORMATION

Save as disclosed in the section headed "Directors and Senior Management", there is no other change in Directors' and Chief Executive Officer's biographical details which is required to be disclosed pursuant to rule 13.51B (1) of the Listing Rules since the date of the 2024 interim report of the Company.

LEGAL PROCEEDING AND COMPLIANCE

During the Reporting Period, the Group was not involved in any material legal proceedings.

ANNUAL GENERAL MEETING

The Annual General Meeting ("**AGM**") will be held at No.1 Meeting Room, 1st Floor, Block 2 Office Building, Phase II Shuisheng Keji Yuan, 1 Chagang Xincun Dongyuan, Wuchang District, Wuhan City, Hubei Province, the PRC at 10:00 a.m. on Friday, 27 June 2025. The notice convening the AGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.youmeimu.com) and will be despatched (if requested) to shareholders in due course in accordance with the requirements of the Listing Rules.

CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the entitlement of shareholders to attend and vote at the AGM on Friday, 27 June 2025, the register of members of the Company will be closed from Tuesday, 24 June 2025 to Friday, 27 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 23 June 2025 (Hong Kong time).

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

CONNECTED TRANSACTIONS

There was no other related party transaction or continuing related party transaction set out in Note 28 to the consolidated financial statements in this annual report which constitutes discloseable connected transaction or continuing connected transaction under the Listing Rules.



DIRECTORS' REPORT

DIRECTORS' INDEMNITY

Pursuant to the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in the execution of his/her duties in his/her office.

MINIMUM PUBLIC FLOAT

Based on the information available to the Company and to the best knowledge of the Directors, as of the date of this annual report, at least 25% of the total number of issued shares of the Company have been held by the public as required under the Listing Rules.

AUDITORS

The Group's consolidated financial statements for FY2024 have been audited by BDO Limited.

BDO Limited will retire and being eligible, offer themselves for re-appointment in the forthcoming AGM. A resolution to re-appoint BDO Limited as the auditor of the Company will be proposed at the AGM.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance practices. Information about the corporate governance practices adopted by the Company is set out in the corporate governance report on pages 56 to 73 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

There have been no significant matters subsequent to the Reporting Period and up to the date of this annual report.

On behalf of the Board
Huashi Group Holdings Limited
Chen Jicheng
Chairman and Chief Executive Officer



CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report for FY2024.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to protect the interests of shareholders and enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the Listing Rules as its own code of governance.

For FY2024, except for deviations from Code Provision C.1.8, C.2.1 and C.5.1 of the CG Code, the Company has complied with all applicable code provisions set out in the CG Code.

Under Code Provision C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. Currently, the Company does not have insurance cover for legal action against its Directors. Every Director is, subject to the provisions of the applicable laws, indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto pursuant to the Articles of Association of the Company. However, as the Company considered its risk management and internal control systems are effective and constantly under review, and as all the executive Directors and management are familiar with the operation of the Group, the Company believes that the risk of the Directors being sued or getting involved in litigation in their capacity as Directors is relatively low, and hence the Company is of the view that the benefits of the insurance may not outweigh the cost.

Under Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer shall be separated and shall not be performed by the same individual. Mr. Chen Jicheng is the chairman and chief executive officer of the Company and the roles of Mr. Chen Jicheng have not been separated in accordance with Code Provision C.2.1 of the CG Code.

In view of the fact that Mr. Chen has been responsible for the day-to-day operation and management of the Group since February 2011, and has accumulated extensive experience and knowledge in our business, the Board believes that Mr. Chen can undertake effective management and business development in both roles, which is in the best interests of the Group. Accordingly, the Directors are of the opinion that the deviation from Code Provision C.2.1 of the CG Code is appropriate under such circumstance. The Board considers that this management structure is effective for the business operation of the Group and can form sufficient checks and balances.

Pursuant to Code Provision C.5.1 of the CG Code, the Board should meet regularly and Board meetings are held at least four times a year at approximately quarterly intervals.

During FY2024, the Board held two Board meetings instead of the four meetings as required by Code Provision C.5.1 of the CG Code. Regular meetings of the Board were held to consider and approve, among other things, the annual results of the Group for 2023 and the interim results for 2024. The Company does not publish quarterly results and hence does not consider the holding of quarterly meetings as necessary. Nevertheless, the members of the Board Committees have regularly communicated with each other and will continue to hold regular meetings thereafter to keep up-to-date on the affairs of the Company.

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



CORPORATE GOVERNANCE REPORT

(A) BOARD OF DIRECTORS

Board Responsibilities

The Board is the chief decision maker of the Company and is responsible for leading and controlling the Company and supervising and approving major decisions regarding the financial performance, strategic development objectives and business of the Company. The Board grants to management the authority and responsibility for the day-to-day operation and management of the Company as directed by the Board. The Board has established three committees, namely, the audit committee ("**Audit Committee**"), the remuneration committee ("**Remuneration Committee**") and the nomination committee ("**Nomination Committee**") (collectively, the "**Board Committees**") of the Board, and has delegated a number of responsibilities to the Board Committees. All Board Committees perform different responsibilities according to their respective terms of reference.

All Directors shall at all times ensure that they perform their duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and the Shareholders.

Under the leadership and supervision of the Chief Executive Officer, the senior management of the Group is responsible for the management of the daily operations of the Company and the operation of various functions. The Board gives clear instructions to the senior management by deliberating on matters such as the Company's annual focus. Matters for which the Board has delegated authority to the management to decide include the implementation of strategies and directions determined by the Board, the operation of the Group's business and compliance with applicable laws.

The Board also reserves for its decision on all major matters of the Group, including the approval and monitoring of all corporate governance and policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The Board is also authorized the power of corporate governance and is responsible for performing the functions pursuant to the Code Provision A.2.1 of the CG Code. The Board has reviewed and discussed the Group's corporate governance policies and is satisfied with the effectiveness of the corporate governance policies.

Board Composition

Our Board comprises nine Directors, including five executive Directors and four independent non-executive Directors. During the Reporting Period and up to the date of this annual report, the Board comprises the following Directors:

Executive Directors

Mr. Chen Jicheng (*Chairman and Chief Executive Officer*)
Ms. Chen Jizhen (*Vice Chairman*) (*Appointed on 27 March 2025*)
Ms. Wang Shujin
Mr. Zhang Bei
Ms. Xue Yuchun

Independent Non-executive Directors

Dr. He Weifeng
Mr. Peng Litang
Mr. Li Guangdou
Mr. How Sze Ming



CORPORATE GOVERNANCE REPORT

Ms. Chen Jizhen is the sister of Mr. Chen Jicheng, who is the Chairman of the Board, an executive Director, Chief Executive Officer and a Controlling Shareholder of the Company. Save as disclosed above, there is no material financial, business, family or other relationship between any members of the Board. The biographies of the Directors are set out under the section headed “Directors and Senior Management” in this annual report. All the Directors, including the independent non-executive Directors, bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Each of the executive Directors and the independent non-executive Directors has entered into a three-year service contract or a letter of appointment with the Company. According to the Articles of Association, each Director is subject to retirement by rotation and re-election.

During the year ended 31 December 2024, Mr. Chen Jicheng, the Chairman, and the independent non-executive Directors held a meeting without other Directors to discuss the impact of the current AI impact on the development prospects of various industries and the potential opportunities facing our Company. At the same time, Mr. Chen Jicheng encouraged the Directors to actively express their suggestions on the operation and development of the Company and matters of concern to the Company, to ensure that appropriate steps are taken to communicate effectively with the Shareholders, and to ensure that the Shareholders’ feedbacks can be communicated to the entire Board.

Compliance with the Model Code for Securities Transactions by Directors

The Group 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 securities transactions by all Directors and related employees (as defined in the Model Code). Having made specific enquiry of all Directors, each of the Directors has confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

Independent Non-executive Directors

The Company has complied with the requirements under Rules 3.10 and 3.10A of the Listing Rules in relation to the appointment of independent non-executive Directors representing at least one-third of the number of members of the Board, and one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise.

The Company has received annual confirmations from each of the independent non-executive Directors in respect of his independence under Rule 3.13 of the Listing Rules. The Board has assessed their independence in accordance with the Listing Rules and confirmed that all independent non-executive Directors are deemed independent.



CORPORATE GOVERNANCE REPORT

Mechanism in respect of Independent Views and Opinions available to the Board

The Company ensures that the Board has a strong independent element, and ensures that there is a good mechanism to assist the Board to obtain independent views and opinions, so that the Board can effectively make independent judgments and enhance the accountability and transparency of the Board, so as to better protect the interests of the Shareholders. Specific mechanisms include: independent non-executive Directors are required to confirm their independence to the Company in writing in accordance with the procedures and requirements for nominating Directors of the Company upon appointment, and the Listing Rules and the regulatory requirements of the independence, qualifications, number and diversity of Directors. The Nomination Committee assesses the independence of all independent non-executive Directors on an annual basis and confirms that each independent non-executive Director still meets the independence standards set out in the Listing Rules and that each member of the Nomination Committee avoids assessing his or her own independence. The Company encourages the Directors to have independent access to and consult with the senior management of the Company. The Directors of the Company shall be entitled to seek independent professional views in the performance of their duties at the expense of the Company, if necessary.

Each of the independent non-executive Directors shall notify the Company of any change in his personal information which may affect his independence as soon as possible. The Board has reviewed and considered that the mechanism was effective in ensuring that independent views and opinions were provided to the Board for FY2024.

Induction Training and Continuous Professional Development

Ms. Chen Jizhen was appointed as an executive Director on 27 March 2025, she attended a training course on 25 March 2025. Pursuant to Rule 3.09D of the Listing Rules, she obtained a legal opinion from a law firm qualified to advise on Hong Kong law in relation to the requirements under the Listing Rules applicable to her as a director of a listed issuer and the possible consequences of making a false declaration or providing false information to the Stock Exchange on 24 March 2025. Ms. Chen Jizhen has confirmed that she was aware of her obligations as a director of a listed issuer.

Each of our Directors will be provided with the necessary induction training and information to ensure that he/she has a full understanding of the operations and business of our Company and his/her responsibilities under the relevant regulations, by-laws, rules and laws. The Company will continue to arrange lectures regularly to provide the Directors with the latest developments and changes in the Listing Rules and other relevant laws and regulations from time to time. The Directors are also provided with regular updates on the performance, status and prospects of the Company to enable the Board as a whole and the Directors to perform their duties.



CORPORATE GOVERNANCE REPORT

As at 31 December 2024, the Company provided training materials on the Listing Rules and other applicable regulatory requirements to the Directors and the management of the Company.

Name of Directors	Read materials or attend briefings and/or lectures and/or meetings related to regulatory and governance updates
Executive Directors	
Mr. Chen Jicheng	✓
Ms. Wang Shujin	✓
Mr. Zhang Bei	✓
Ms. Xue Yuchun	✓
Independent non-executive Directors	
Dr. He Weifeng	✓
Mr. Peng Litang	✓
Mr. Li Guangdou	✓
Mr. How Sze Ming	✓

Board Meetings

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Code Provision C.5.1 of the CG Code stipulated that at least four regular meetings of the Board are held annually and at approximately quarterly intervals, and that a majority of the Directors are required to actively participate in the meeting (whether in person or by electronic means).

The Company has adopted the practice of holding regular Board meetings. Notice of not less than 14 days is given for all regular board meetings to provide all Directors with an opportunity to attend and include matters in the agenda. For other committee meetings, three days' prior notice before meeting is given. When Directors or 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.

Directors can separately get access to the senior management and the company secretary at all times and may seek independent professional advice if they need at the Company's expense.

The minutes of Board meetings and committee meetings are fully recorded and include matters considered and decisions reached by the Board and committees, including any questions raised by the Directors. Draft minutes of each Board meeting and committee meeting will be sent to the Directors within a reasonable time after the date of the meeting to give them the opportunity to request amendments.

When a Director has significant interests in the resolution, the Director shall abstain, and shall not exercise voting rights on the resolution, nor shall he exercise voting rights on behalf of other Directors. Such Director is excluded from the calculation of the quorum of Directors present at the relevant meeting. The procedures of the meeting of the Board and their scope of work comply with C.5 of the CG Code.

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2024, the Board held two board meetings instead of four meetings as required by Code Provision C.5.1. The regular meetings were held by the Board to consider and discuss the annual results for 2023 and the interim results for 2024 of the Group. The Company did not publish the quarterly results and therefore does not consider it necessary to hold a meeting on a quarterly basis. Nevertheless, the members of the Board Committees have regularly communicated with each other and will continue to hold regular meetings thereafter to keep up-to-date on the affairs of the Company. The Chairman of the Board held one meeting with the independent non-executive Directors, at which no executive Directors were present. The attendance of each Director at Board meetings, committee meetings and general meetings, whether in person or by means of electronic communication, is detailed in the table below:

	Attendance/Number of Meetings				AGM
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
Directors					
Executive Directors					
Mr. Chen Jicheng	2/2	—	—	1/1	1/1
Ms. Wang Shujin	1/2	—	1/1	—	0/1
Mr. Zhang Bei	2/2	—	—	—	1/1
Ms. Xue Yuchun	2/2	—	—	—	1/1
Independent non-executive Directors					
Dr. He Weifeng	2/2	2/2	1/1	—	0/1
Mr. Peng Litang	2/2	2/2	1/1	1/1	0/1
Mr. Li Guangdou	2/2	2/2	—	1/1	0/1
Mr. How Sze Ming	2/2	—	—	—	1/1

Appointment, Re-election and Removal of Directors

The procedures for appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the composition of the Board, studying and formulating procedures for the nomination and appointment of Directors, supervising the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

Each of the executive Directors and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for an initial fixed term of three years with effect from 9 October 2023 or 27 March 2025. Such term is subject to his/her re-election by the Company at an annual general meeting upon retirement. The Articles of Association provides that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office or any Director appointed by the Board as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his/ her appointment and shall then be eligible for re-election at the meeting. In accordance with the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and being eligible offer themselves for re-election.

Pursuant to Articles 108 and 112, Mr. Chen Jicheng, Ms. Wang Shujin, Ms. Xue Yuchun and Ms. Chen Jizhen will retire as Directors at the AGM. All of the above Directors, being eligible, will offer themselves for re-election at the AGM.



CORPORATE GOVERNANCE REPORT

Board Committees

The Company has established an audit committee, a remuneration committee and a nomination committee. Each committee has specific written terms of reference that clearly state its authority and responsibilities. The chairmen of these committees will report their findings and recommendations to the Board after the meeting. The corporate governance function is performed by the Board.

1. Audit Committee

The Board has established the Audit Committee pursuant to Rules 3.21 and 3.22 of the Listing Rules and Code Provision D.3 of the CG Code with written terms of reference adopted. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company respectively.

During the Reporting Period, the Audit Committee comprises three independent non-executive Directors (i.e. Dr. He Weifeng, Mr. Peng Litang and Mr. Li Guandong). Dr. He Weifeng is currently the chairman of the Audit Committee and has the appropriate professional qualifications.

In FY2024, the Audit Committee held two meetings to review and discuss matters such as the Group's annual results for FY2023, the interim results for FY2024, the financial reporting system, risk management and internal control system, etc.

The primary duties of the Audit Committee include, but are not limited to: (i) reviewing and monitoring the relationship of the external auditors and the Group, particularly the independence, objectivity and effectiveness of the external auditors; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group; (iii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iv) developing, reviewing and monitoring our policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; (v) reviewing the financial statements of the Company including the completeness of the annual and interim reports as well as ensuring compliance with accounting standards and reviewing significant adjustments resulting from audit; and (vi) developing, reviewing and monitoring the code of conduct applicable to our employees and Directors. The written terms of reference of the committee are in line with the provisions of the CG Code.

2. Remuneration Committee

The Board has established the Remuneration Committee in compliance with Rule 3.25 and Rule 3.26 of the Listing Rules and Code Provision E.1.1 to E.1.5 of the CG Code and has adopted written terms of reference. During the Reporting Period, the Remuneration Committee comprises one executive Director (i.e. Ms. Wang Shujin) and two independent non-executive Directors (i.e. Mr. Peng Litang and Dr. He Weifeng). The Remuneration Committee is currently chaired by Mr. Peng Litang.

The primary duties of the Remuneration Committee include, but are not limited to: (i) making recommendations to the Board on the Group's policy and structure for remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives and ensuring that it is consistent with contractual terms and are reasonable and appropriate; (iii) determining the terms of the remuneration package of our Directors and senior management with reference to their time commitment and responsibilities, and employment condition in the Group, and comparable companies; and (iv) reviewing and/or approving the matters on the share scheme under Chapter 17 of the Listing Rules. The written terms of reference of the committee are in line with the provisions of the CG Code.

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

In FY2024, the Remuneration Committee held a meeting and assessed and discussed the performance, remuneration proposals and policies of all Directors and senior management of the Company at the meeting.

Details of the remuneration of each Director are set out in note 12 to the consolidated financial statements of this annual report. During the year, there was no agreement under which a Director waived or agreed to waive any compensation.

Directors' Remuneration Policy

High-quality and loyal staff are valuable assets to the success of the Group. To ensure the ability to attract and retain talents, the Group's Directors' remuneration policy is based on the principle of providing fair and market competitive remuneration packages to support the performance culture and achieve strategic business objectives. Accordingly, the Group's remuneration policy for Directors is designed to provide Directors with competitive but not excessive remuneration packages.

Directors' remuneration consists of fixed salaries or service fees and variable components such as bonuses, which are based on a number of factors such as prevailing market conditions, the performance of the Group and the qualifications, skills, experience, educational background and performance of the Directors and are based on companies of comparable business or size.

Our Directors' remuneration is reviewed annually and subject to Shareholders' approval.



CORPORATE GOVERNANCE REPORT

3. Nomination Committee

The Board has established the Nomination Committee in compliance with the requirements of Code Provision B.3 of the CG Code and adopted the written terms of reference. During the Reporting Period, the Nomination Committee comprises one executive Director (i.e. Mr. Chen Jicheng) and two independent non-executive Directors (i.e. Mr. Li Guangdou and Mr. Peng Litang). The Nominating Committee is currently chaired by Mr. Chen Jicheng.

The Nomination Committee is primarily responsible for recommending to the Board suitably qualified persons to become the member of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required as well as assessing the independence of each independent non-executive Director. Its written terms of reference cover recommendations to the Board on the appointment, succession or removal of Directors, evaluation of Board composition and the management of Board succession. The written terms of reference of the committee are in line with the provisions of the CG Code.

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

In FY2024, the Nomination Committee held a meeting and discussed the composition of the Board, the independence of independent non-executive Directors and the retirement by rotation of Directors.

Director Nomination Policy

As set out in the nomination policy adopted by the Board pursuant to the CG Code, in assessing the suitability of a proposed candidate, the following factors would be considered by the Nomination Committee:

- Reputation for integrity
 - Accomplishment and experience
 - Compliance with legal and regulatory requirements
 - Commitment in respect of available time and relevant concerns
 - Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.
- As set out in the nomination policy, the nomination procedure is as follows:

- (1) The secretary of the Nomination Committee shall call a meeting of the Nomination Committee and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.
- (2) For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.



CORPORATE GOVERNANCE REPORT

- (3) Pursuant to the Articles of Association of the Company, a member (duly qualified to attend and vote at the meeting) who wish to recommend a candidate for election to the office of Director at any general meeting must submit a signed written notice, for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company, provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.
- (4) A candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.
- (5) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises the principle that the Board should strike a balance between appropriate skills, experience and diverse perspectives in relation to the business of the Company.

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

All appointments to the Board are made based on the competence of the candidates, to the extent of the skills, knowledge and experience required by the Board as a whole and taking into account the diverse perspectives of the Board as described above. The Board will annually review the Board Diversity Policy to ensure its continued effectiveness.

To implement the Board Diversity Policy, the Board has established measurable goals that at least one Board member should be a female and will review the goals from time to time to ensure their appropriateness and determine progress towards achieving the goals.

As of the date of this annual report, three Board members are female. The Nomination Committee and the Board consider that the current composition of the Board has achieved the above objectives.



CORPORATE GOVERNANCE REPORT

Gender Diversity

The Company attaches importance to gender diversity at all levels of the Group. The following table sets forth the gender ratios of the employees of the Group, including the Board and senior management, as at the date of this annual report:

	Female	Male
Board	33.3% (3 persons)	66.7% (6 persons)
Senior management	66.7% (4 persons)	33.3% (2 persons)
Other employees	59.5% (131 persons)	40.5% (89 persons)
All staff	59.9% (136 persons)	40.1% (91 persons)

The Board is of the view that this ratio has reached the goal of gender diversity for all staff and that the Group will maintain a similar ratio for the foreseeable future.

Senior Management Remuneration

The amounts of the Group's senior management remuneration for the Reporting Period are within the following band:

	Number of individuals
HK\$1,000,000 or less	6
HK\$1,000,001 to HK\$1,500,000	–

Company Secretary

Ms. Lai Janette Tin Yun (賴天恩女士) serves as the Company's secretary and she is a senior manager of Company Secretarial Services in Vistra Group. During the Reporting Period, Ms. Lai Janette Tin Yun received no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Ms. Hou Jiayue, Board secretary of the Company, has been designated as the principal contact person of the Company, who will cooperate and communicate with Ms. Lai Janette Tin Yun on corporate governance, secretarial and administrative matters of the Company.



CORPORATE GOVERNANCE REPORT

(B) FINANCIAL REPORTING AND INTERNAL CONTROLS

Financial Reporting

The Directors' statement of responsibility for the financial statements set out below should be read in conjunction with the auditors' statement of responsibility in the independent auditors' report included in this annual report. Both liability statements should be construed separately.

The Directors confirm that it is their responsibility to prepare financial statements for each financial year that give a true view of the operating results of the Company. So far as the Directors are aware, there have not been any significant events or circumstances that could have a material adverse effect on the continuing operations of the Company during the Reporting Period.

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Company for FY2024 which give a true and fair view of the state of affairs of the Company and of the results and cash flow for the relevant period. The Directors consider that the consolidated financial statements of the Company for FY2024 have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis. The statements of the auditor of the Company about its reporting responsibility on the consolidated financial statements of the Company is set out in the section headed "Independent Auditor's Report" in this annual report.

Auditor's Remuneration

The remuneration paid and payable to the Company's external auditor for audit services and non-audit services for FY2024 is as follows:

Service category	Fees paid/payable RMB'000
Audit services:	
– Annual audit in 2024	1,000
Non-audit services	
– Interim review for the period ended 30 June 2024	380
Total	1,380

Risk Management and Internal Control

The Board is aware that it is the responsibility of the Board to maintain adequate risk management and internal control systems to safeguard Shareholders' investment and the assets of the Company. Risk management and internal controls are designed to manage, rather than eliminate, the risk that business objectives will not be achieved and only provide reasonable, not absolute, assurance against material misstatement or loss.



CORPORATE GOVERNANCE REPORT

Main Features of Risk Management and Internal Control Systems

The risk management framework of the Group and the main responsibilities of its members in the framework are described as follows:

Members	Main responsibilities
The Board	<ul style="list-style-type: none">• Set up goals for risk management strategy, assess and determine the nature and extent of risk acceptable to achieve the strategy goals;• Establish and maintain a proper and effective risk management and internal control systems; and• Review the effectiveness of the risk management and internal control systems annually.
Audit Committee	<ul style="list-style-type: none">• Assist the Board in overseeing the risk level and the design and performance of the risk management and internal control systems;• Discuss the risk management and internal control systems with the management;• Ensure that the internal audit function has sufficient resources for operation and has a proper position, review and supervise its performance; and• Report the risk status of the Group and issues to be concerned or improved to the Board on a regular basis.



CORPORATE GOVERNANCE REPORT

The Process Used to Identify, Assess and Manage Principal Risks

The process used by the Group to identify, assess and manage significant risks is summarized as follows:

Risk Identification

- Identify risks that may affect the Group's business and operations.

Risk Assessment

- Assess identified risks using assessment criteria established by management; and
- Consider the impact on and consequences of the business and whether it may occur.

Risk Response

- Prioritize risks based on comparative risk assessment results; and
- Identify risk management strategies and internal monitoring processes to prevent, avoid or mitigate risks.

Monitoring and Reporting Risks

- Monitor risks on an ongoing and regular basis to ensure appropriate internal control processes are in place;
- Modify risk management strategies and internal control processes in the event of any significant changes in the situation; and
- Report the risk monitoring results to the management and the Board on a regular basis.

The Process Used to Review the Effectiveness of the Risk Management and Internal Control Systems and to Resolve Material Internal Control Defects

The Group establishes a risk management information and communication channel that is functional within the whole basic risk control procedure, connects different levels in the reporting system and different departments and operation units, so as to ensure timely, accurate and complete communication of information, laying a solid foundation for the monitoring and improvement of risk management.

Different departments and business units of the Group regularly inspect and examine their own risk management process in order to spot the shortcomings and remedy the situation if possible. Their inspection and examination reports are delivered to the Group's management in time.

Under the Code Provision D.2.5 of the CG Code, the Company shall have an internal audit function. However, due to the size of the Company and cost efficiency, the Company currently does not have an internal audit function. Instead, the Audit Committee is responsible for reviewing the internal control system on an annual basis. The review covers the adequacy of the Company's risk management and internal control systems, effective analysis and independent assessment of the adequacy of resources, staff qualifications and experience, training programs and the Company's accounting budget, internal audit, financial reporting functions and the Company's environmental, social and governance ("ESG") performance and reporting related matters. The Board considers that appropriate measures have been put in place to manage risk and no material issues have been raised for improvement during the review. The Company will review the need for establishing an internal audit function on an annual basis.



CORPORATE GOVERNANCE REPORT

The Audit Committee has reviewed the Group's risk management and internal control systems during the Reporting Period, the results of which have been summarised and reported to the Board. The Board has also reviewed the effectiveness of the Group's risk management and internal control systems for the Reporting Period. The Board further considers that during the Reporting Period, (i) the Group did not have any material issues relating to the Group's risk management and internal control in relation to its financial, operational and compliance monitoring and risk management functions; and (ii) the Group's risk management and internal control systems are effective and adequate.

(C) ANTI-CORRUPTION AND WHISTLE-BLOWING POLICIES

The Group operates with integrity and regards good corporate governance as an important cornerstone for the sustainable development of the Company. The Group requires its staff to adhere to high standards of integrity and ethical conduct, and strictly prohibits any corrupt or fraudulent conduct. We strictly comply with the relevant laws and regulations on the prevention of bribery, extortion, fraud and money laundering. All members of the Group should take the initiative to avoid any conflict of interest or abuse their positions or powers in the Group for personal gain.

The Company also has a whistle-blowing policy that serves the purpose of establishing whistle-blowing procedures for employees and other relevant external parties of our Company, in order to report and escalate any suspicious misconducts to the Audit Committee in writing. In accordance with the policy, we protect all whistleblowers from any kind of retaliation. All the information provided by the whistleblowers will be strictly confidential.

The Company has developed its disclosure policy of inside information which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

(D) DIVIDEND POLICY

Code Provision F.1.1 of the CG Code stipulates that the issuer should have a policy on payment of dividends and should disclose it in the annual report. The Board recommends the declaration of dividends based on the financial performance of the Company, the interests of the Shareholders, the business conditions and strategies of the Company, capital requirements, tax considerations, contractual, statutory and regulatory restrictions and other factors that the Board considers relevant. Dividends shall be declared to the Shareholders of the Company in general meeting from time to time, but not exceeding the amount recommended by the Board. Any declaration and payment of dividends shall be subject to the requirements under the Articles of Association and relevant laws.



CORPORATE GOVERNANCE REPORT

(E) COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has established a Shareholder Communication Policy. The purpose of this policy is to promote effective communication with Shareholders and other stakeholders, encourage active participation of Shareholders in the Company and enable Shareholders to effectively exercise their rights as shareholders. The Board has reviewed the implementation and effectiveness of the Shareholder Communication Policy, which enables the Company to communicate effectively with Shareholders through regular meetings and timely updating of the Company's financial results and business development and is satisfied with the implementation and effectiveness of relevant shareholder communication measures.

The Company has established the following multiple channels to maintain continuous communication with Shareholders:

1. Corporate Communications

"Corporate Communication" as defined in the Listing Rules means any document issued or to be issued by the Company for the information or action of the holders of any of its securities, including but not limited to the following documents of the Company: (a) the directors' report, its annual accounts together with a copy of the auditors' report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders and non-registered holders of the Company's securities should have the right to choose the language (Chinese version or English version) or means of receipt of the Corporate Communications (in hard copy or through electronic means).

2. Company Website

Any information or documents of the Company posted on the Stock Exchange's website will also be posted on the Company's website (www.youmeimu.com).

3. Shareholders' Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any). The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders' approval.



CORPORATE GOVERNANCE REPORT

4. Shareholders' Enquiries

Shareholders who are in doubt about their shareholdings should consult the Company's Hong Kong branch share registrar, Tricor Investor Services Limited. Generally, the Company will not deal with verbal or anonymous enquiries. Shareholders may send written enquiries to the Company.

(F) SHAREHOLDERS' MEETINGS AND SHAREHOLDERS' RIGHTS

Shareholders may contact the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for any enquiries as to their shareholdings and dividends. If a Shareholder wishes to submit an enquiry to the Board, he/she may send a written enquiry to the Board of Directors at the principal place of business in the PRC. Shareholders should provide their full name, contact details and identification in order to give effect thereto. Shareholders may at any time request information which is available for public inspection.

Pursuant to the code provisions of the CG Code, to safeguard Shareholders' interests and rights, in respect of each substantially separate issue at a general meeting, a separate resolution would be proposed by the chairman of that meeting. The Chairman of the Board should attend the Company's annual general meetings and arrange for the chairman of the Audit, Remuneration and Nomination Committees or in the absence of the chairman of such committees, another member of the committee, to be available to answer questions at the Company's annual general meetings. The Company would arrange for the notice to shareholders to be sent in the case of an annual general meeting not less than 21 days before the meeting and to be sent not less than 14 days in the case of all other general meetings. The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and then answer any questions from Shareholders regarding voting by way of a poll.

Pursuant to article 64 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying rights of voting at general meetings. Such requisition shall be made in writing to the Board or company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.



CORPORATE GOVERNANCE REPORT

Procedure for Resolutions by Shareholders in General Meeting

Shareholders who wish to put forward proposals at general meetings may follow Article 64 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 64 of the Articles of Association are set out above.

Pursuant to Article 113 of the Articles of Association, no person (other than a retiring Director), shall, unless recommended by the Board for election, be eligible for election to the office of director at any general meeting unless the Shareholders give notice in writing of their intention to nominate such person for election as a Director and such person gives notice in writing of his willingness to be elected, which notice must be delivered to the head office or the registration office during the period not earlier than the day following the day on which the notice of the general meeting at which the election is to be held is sent and not later than seven days before such general meeting is held, and the minimum period of such notice delivered to the Company is at least seven days.

As at the date of this annual report, based on the information available to the Company from the public and to the best knowledge of the Directors, the Company has maintained adequate public float requirement as required under the Listing Rules.

(G) CONSTITUTIONAL DOCUMENT CHANGES

The Company has not made any changes to its constitutional documents during the Reporting Period. The latest version of the Memorandum of Association and the Articles of Association are available on the websites of the Company and the Stock Exchange.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THIS REPORT

1.1 Report Summary

This is the 2024 Environmental, Social and Governance (“**ESG**”) report issued by the Group, which aims to disclose the Company’s strategies, practices, measures and results in ESG in 2024 to government and regulatory authorities, shareholders and investors, employees, customers and other stakeholders, so as to promote the stakeholders’ understanding of our sustainability performance.

1.2 Scope and Period of Reporting

In accordance with the substantive principles, this Report covers the Company and its subsidiaries. The reporting period is from 1 January 2024 to 31 December 2024, which is consistent with the financial year covered by the Group’s 2024 Annual Report.

1.3 Preparation Guidelines and Principles of the Report

This Report has been prepared in accordance with Appendix C2 — Environmental, Social and Governance Reporting Code (the “**ESG Reporting Code**”) to the Listing Rules of the Stock Exchange and complies with the reporting principles of the ESG Reporting Code, including:

Reporting Principles	Our Response
“Materiality” Principle	The Group has identified material ESG issues as well as climate-related risks and opportunities of the Group through stakeholders engagement and materiality assessment and made targeted disclosure in the ESG Report.
“Quantitative” Principle	This Report adopts quantitative information to disclose the key performance indicators (KPIs) in the environmental and social aspects. Quantitative information should be accompanied by a narrative, explaining its purpose and impact.
“Consistency” Principle	This Report will ensure that the scope of disclosures and method of reporting is broadly consistent from year to year to facilitate comparison of the performance of the Group by the stakeholders.
“Balance” Principle	This Report follows the balance principle to objectively present the Group’s ESG management performance.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.4 Contact Information

This Report is being published electronically and can be accessed and downloaded from the website of the Stock Exchange (www.hkexnews.hk). The Group values your views for this Report and welcomes your feedback and views on any sustainability measures in the content and form of this Report. You can contact us through the contact information listed on our official website (www.youmeimu.com).

2. ESG MANAGEMENT

While striving to continuously develop its business and steadily improve its efficiency, the Group will practice its concept of sustainable development. The Group will continue to improve its ESG governance standards and pay attention to the needs of various stakeholders to support the achievement of the United Nations Sustainable Development Goals by taking practical actions, to build a future in which environmental, social and business development are deeply integrated and coexist harmoniously.

2.1 Statement of the Board of Directors

The Group attaches great importance to corporate sustainable development management and has established a sustainable development governance mechanism with the Board as the highest decision-making body. The Board is responsible for considering and approving ESG development policies and strategies in an objective and fair manner, ensuring that various business activities are incorporated into the ESG management framework, and carrying out effective governance and supervision over ESG matters.

We continue to maintain close communication with stakeholders, carry out ESG materiality assessment, and thoroughly understand the views and expectations of each stakeholder. The Board has actively participated in the assessment, prioritization and subsequent management of ESG matters, and strictly made reference to the ESG management system and objectives to promote relevant work. Please refer to the sub-sections headed “2.4 Stakeholders Engagement” and “2.5 Assessment of Materiality Issues” in this Report for details.

The Group has formulated environmental, social and corporate governance policies to clearly set out the objectives for the emission of greenhouse gas and the use of water resources. The Board reviews the progress of the objectives through regular meetings. Meanwhile, we attach great importance to ESG risk management, identify risks and opportunities arising from climate change, incorporate ESG-related risks into our risk management system, and analyze the significant impact of relevant risks on the Company’s business, development strategy and financial performance. During the Reporting Period, the Group actively took measures to address the risks and opportunities associated with climate change. Please refer to the sub-section “7.4 Responding to Climate Change” in this Report for details.

This Report details the progress and results of the Group’s ESG work in 2024, which has been reviewed and approved by the Board meeting on 27 March 2025.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.2 Respond to the United Nations Sustainable Development Goals

The Group actively responds to the United Nations Sustainable Development Goals (SDGs) and comprehensively reviews the relevance between SDGs and the implementation of corporate social responsibility. By combining our own business properties, we identify and implement SDGs priorities related to the Group’s operations with a view to creating value for the stakeholders, fully fulfilling our corporate social obligations and continuing to drive the Group’s sustainable development in respect of the following six areas. During the Reporting Period, our key actions in respect of sustainable development were as follows:

Reporting section	SDGs of Response	The Group’s Key Actions
Quality of Products and Services	  	<ul style="list-style-type: none"> • Adhering to the innovation-driven development strategy and consolidating our core advantages and practical experience • Setting up regional wholly-owned subsidiaries to promote the development of regional digital economy • Carrying out extensive innovative strategic cooperation with excellent companies to jointly promote industry development • Establishing a comprehensive products and services quality assurance system to ensure the stability of the quality of services • Focusing on customer experience and establishing a sound complaint feedback mechanism • Standardizing the management of intellectual property and establishing an innovative incentive mechanism • Enhancing information security and customer privacy protection






ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting section	SDGs of Response	The Group's Key Actions
Employee Rights and Interests	    	<ul style="list-style-type: none"> • Creating a diverse, equal and inclusive workplace environment and safeguarding the legitimate rights and interests of employees in accordance with the law • Strengthening occupational health and safety management • Formulating standardized remuneration, performance and welfare standards and continuing to improve our human resources management system • Setting up a comprehensive training system and carrying out professional training on a need basis • Enriching employees' free-time activities and creating a relaxed and enjoyable working atmosphere
Supply Chain Management		<ul style="list-style-type: none"> • Establishing a system covering the entire process of the supplier management • Preferring to establish a cooperative relationship with suppliers with good ESG performance • Inspecting the environmental management capabilities and commercial ethics of the suppliers
Corporate Governance		<ul style="list-style-type: none"> • Continuously improving our governance standards and safeguarding the independence and diversity of the Board • Adhering to business ethics, strictly prohibiting corruption, bribery and unfair competition and maintaining a fair market



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

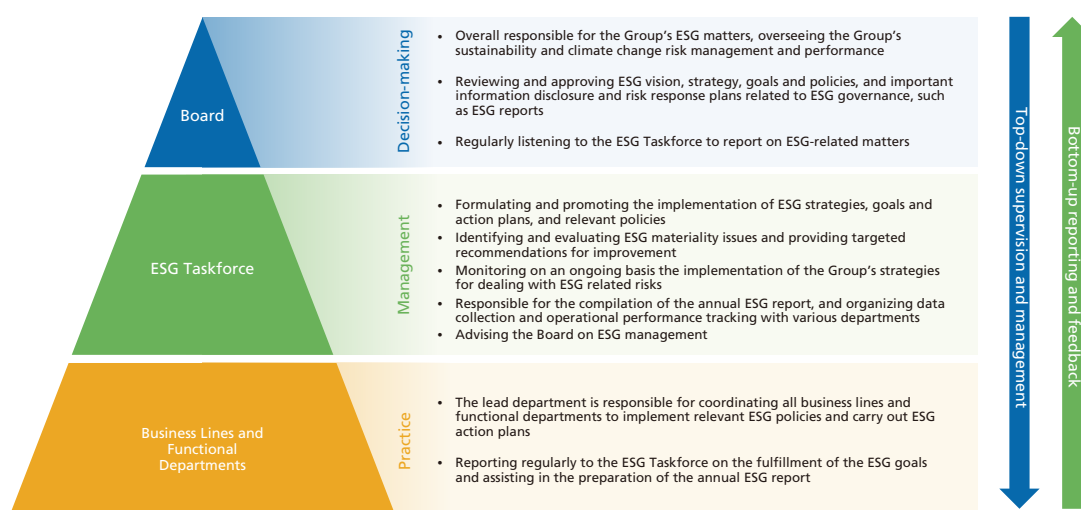
Reporting section	SDGs of Response	The Group's Key Actions
Environmental Responsibility	 	<ul style="list-style-type: none"> Formulating environmental objectives to reduce the negative impact on the environment through a series of measures such as reducing emissions, disposal of waste, recycling, energy conservation and consumption reduction Establishing a top-down climate change governance structure Identifying and evaluating key climate-related risks and opportunities and formulating a targeted climate-related risk response plan
Community Contribution		<ul style="list-style-type: none"> Caring for disadvantaged groups to promote fair and harmonious development of society Actively fulfilling our social obligations and encouraging staff to participate in voluntary public welfare services



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.3 ESG Management Structure

The Group integrates the concept of sustainable development into the Group's operational management, continuously reviews the sustainability performance and improves the ESG management system. In order to achieve the Sustainable Development Goals, we have established a three-level ESG management structure consisting of the Board, the ESG Taskforce, and various business lines and functional departments, and clarified the roles and responsibilities of each level to promote the supervision, management and implementation of ESG related matters from top to bottom and ensured the steady development of the Group's ESG work.






ESG Management Structure of the Group






ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.4 Stakeholders Engagement

The Group attaches great importance to the expectations and demands of our stakeholders. We have established a diversified communication mechanism to communicate through multiple channels online and offline and encourage shareholders and investors, government and regulatory authorities, employees, customers, suppliers, partners, local communities and the public to provide advice or comments, so as to help us continuously improve our sustainable development strategy and enhance our governance capabilities.





Stakeholders	Expectations and Concerns	Communication and Response
Shareholders and investors 	<ul style="list-style-type: none"> Investment return and growth Operating business in accordance with the laws and regulations Risk control Disclosure of Corporate Information 	<ul style="list-style-type: none"> Enhancing economic efficiency Establishing a compliance risk control system Carrying out investor communication
Government and regulatory authorities 	<ul style="list-style-type: none"> Compliance with laws and regulations Paying taxes according to law Responding to the call of the state Supporting local development 	<ul style="list-style-type: none"> Operating in accordance with the laws Paying taxes in full on time Actively communicating with the government Implementing relevant policies Taking the initiative to assume social responsibility
Employees 	<ul style="list-style-type: none"> Employee compensation and benefits protection Career development and training Diversity and equality Healthy and safe working environment Caring for employees 	<ul style="list-style-type: none"> Optimizing employee benefits mechanism Improving employee training system Building internal communication channels Ensuring safe working environment Enriching team building activities
Customers 	<ul style="list-style-type: none"> Product and service quality Compliance marketing Information security and privacy protection 	<ul style="list-style-type: none"> Optimizing service quality Reviewing business compliance Improving the complaint feedback mechanism Strengthening the privacy and data security protection system

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Expectations and Concerns	Communication and Response
Suppliers 	<ul style="list-style-type: none"> • Good and stable cooperation relationship • Business ethics and reputation • Sustainable development of the supply chain 	<ul style="list-style-type: none"> • Standardizing the supplier admission and evaluation process • Building a cooperative environment of integrity and clean governance • Supplier communication and training
Partners 	<ul style="list-style-type: none"> • Market synergy • Resource sharing 	<ul style="list-style-type: none"> • Participating in industry activities • Carrying out exchange visits with industry partners
Local communities and the public 	<ul style="list-style-type: none"> • Supporting social welfare • Care for disadvantaged groups • Protecting the community environment • Promoting community development 	<ul style="list-style-type: none"> • Encouraging employees to participate in social welfare service activities • Charity donation • Promoting green operation • Participating in community activities

2.5 Assessment of Materiality Issues

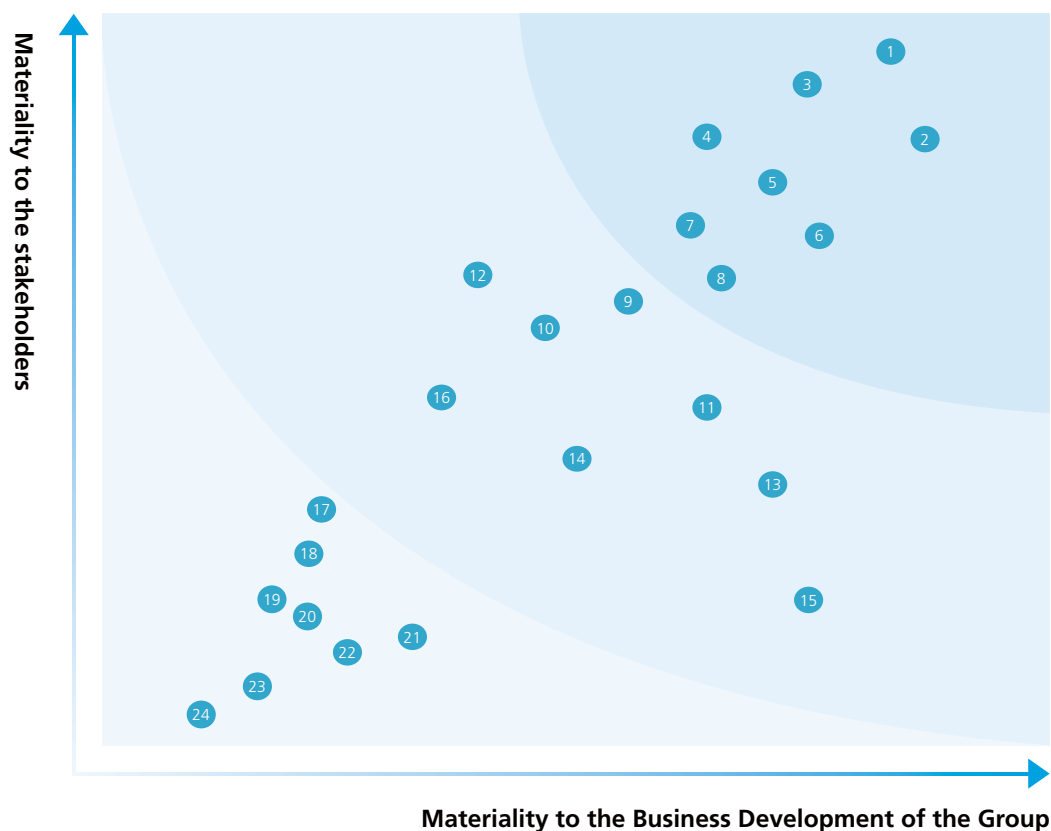
ESG materiality issues assessment is significant to the business development and planning of the Group. During the year, we have reviewed the materiality issues for the previous year. In accordance with the requirements of the ESG Reporting Code of the Stock Exchange, and taking into account macro policies, industry trends, business characteristics of the Company and feedback from the stakeholders, we have screened and disclosed 24 material ESG issues in this Report to respond to the expectations of various stakeholders and facilitate the ESG development of the Group. The steps of our ESG materiality issue assessment are set out below:

	Review and analysis	Based on the materiality issues identified in 2023, and in conjunction with relevant new national policies and industry regulations introduced in 2024, the Group conducted preliminary screening of materiality issues for sustainable development.
	Identification of materiality issues	Taking into account the actual business development of the Group, coupled with the industry characteristics and the requirements of the ESG Reporting Code of the Stock Exchange, the Group identified 24 issues related to sustainable development.
	Assessment of materiality	In the ordinary course of business, we understand the demands and expectations of our stakeholders, including management and employees, through communication and research with them, and we conduct peer-to-peer benchmarking analysis and industry trend studies to determine the ranking of materiality issues.
	Confirmation of assessment results	The Board determines the focus of disclosure in this annual report based on the assessment results of materiality issues and responds to the relevant issues in the report.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The assessment results of the Group's ESG material issues in 2024 are as follows:



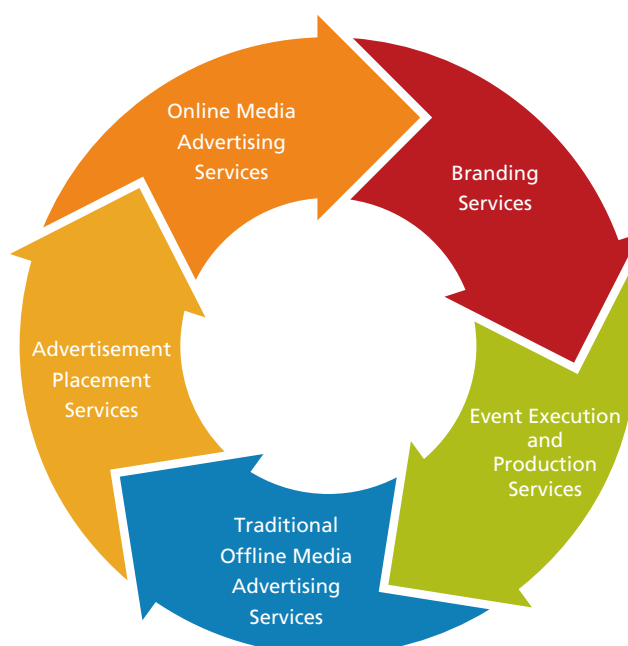
Very important		Important		Less important	
1	Product and service responsibility	9	Anti-corruption and anti-commercial bribery	17	Supply chain management
2	Customer service and satisfaction	10	Occupational health and safety	18	Use of water resources
3	Data security and customer privacy protection	11	Information disclosure	19	Waste management
4	Staff development and training	12	Employee employment	20	Pollutant emission
5	Board diversity and independence	13	Risk and crisis management	21	Operation in compliance
6	Response to climate change	14	Intellectual property protection	22	Anti-unfair competition
7	Remuneration and benefits	15	Energy use	23	Social contribution
8	Employee rights and interests	16	Innovation – driven	24	Protection of Shareholders' and investors' interests



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. QUALITY OF PRODUCTS AND SERVICES

The Group is committed to providing customers with customized services, covering the entire process from market research to the execution of branding, advertising and marketing projects so as to assist its customers in achieving promotional and marketing objectives, thereby further enhancing their brand reputation and market competitiveness. Our core services comprise five types of services as follows:



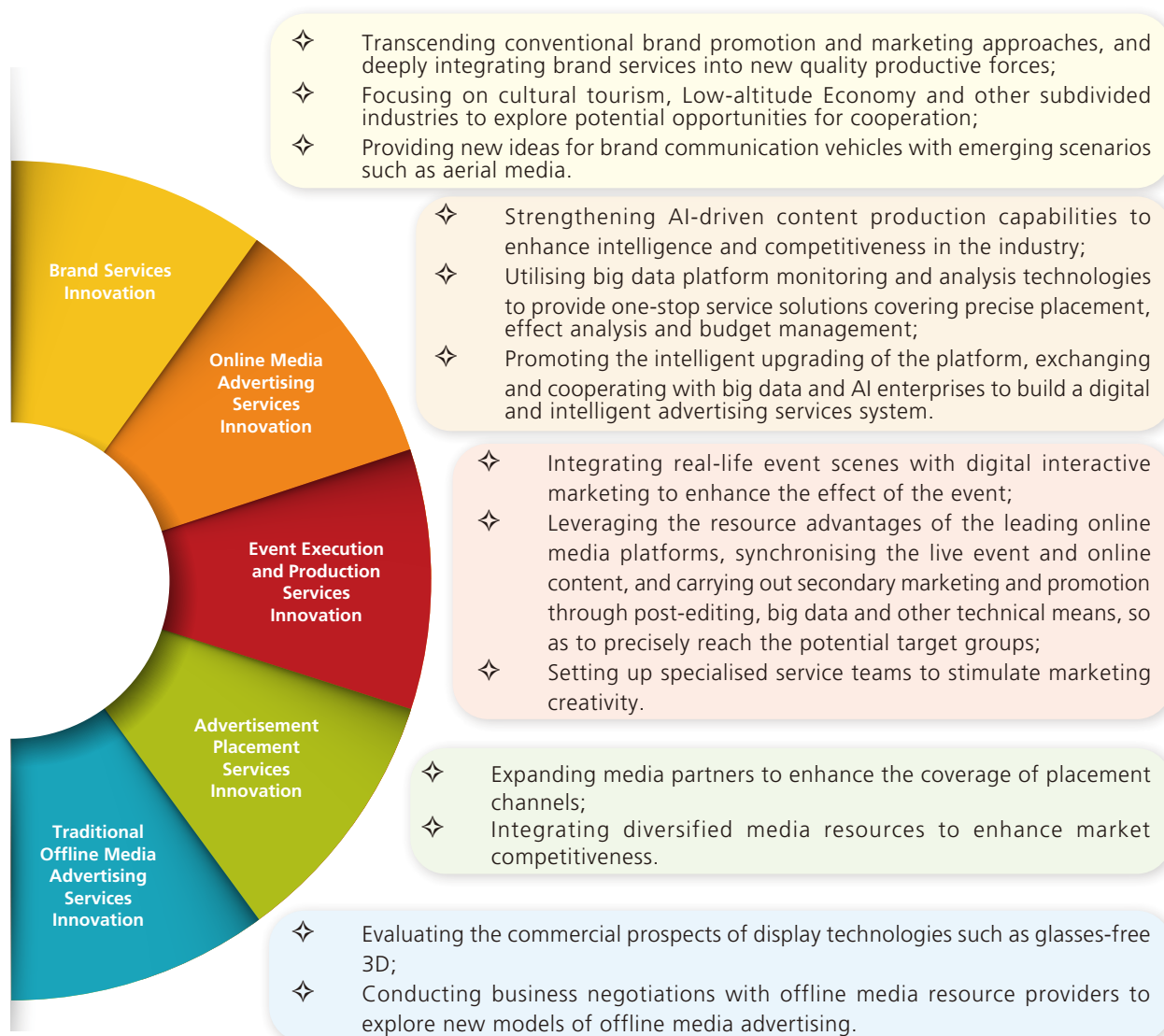
The Group strives to explore innovative development modes, strictly control the quality of products and services, take customers' feedback seriously and constantly improve the services, so as to continuously create value for customers. Meanwhile, we emphasize the protection of intellectual property rights and have implemented multiple measures to ensure the security of our customers' information.

3.1 Driven by Innovation

As a leader in the branding and digital marketing sectors, the Group always adheres to the strategy of innovation-driven development, leveraging the research resources of first-class universities, ploughing into the field of branding creativity, exploring the development direction of cultural trends, and providing customers with branding solutions and integrated marketing services throughout the life cycle. After more than a decade of development, our business model has evolved from traditional media services to a full-media ecosystem model integrating new media, new industries and new platforms, and has formed a three-pronged business development pattern of brand management, digital marketing and scene interaction.

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We have integrated our innovation concepts into the respective business segments, strengthened the application of AI and big data, and sought breakthroughs in innovation to facilitate the Group's sustainable development.



We have actively embraced cutting-edge technologies such as AI, big data, cloud computing and Low-altitude Economy, and have set up wholly-owned subsidiaries located in Guanggu, Caidian and other regions to continuously explore the development opportunities of emerging technologies and digital economy. Huayan Tiancheng, a wholly-owned subsidiary of the Company, has combined internet digital marketing and AI technologies to seize the new opportunities of digital transformation and entered into strategic cooperation with leading media platforms. Huayan Tiancheng has achieved excellent market results in 2024, highlighted its leading position in the industry and provided impetus for the transformation and upgrading of the industry.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Signing Strategic Cooperation Agreement with Hubei Tower

In December 2024, the signing ceremony for the strategic cooperation between the Group and Hubei Branch of China Tower Corporation Limited (“**Hubei Tower**”) was successfully held in Wuhan. As a leading enterprise in the field of communication infrastructure construction in Hubei Province, Hubei Tower has significant advantages in communication infrastructure construction, information integration and technological innovation. The Group and Hubei Tower will carry out all-round and in-depth co-operation in various fields such as advertising creativity, cultural propaganda, smart city and smart application, and explore innovative business models around government informatisation and digitalisation business. Within the scope of strategic cooperation, both parties will share resources, jointly expand customers and promote the implementation of potential cooperation projects.



Signing Ceremony for Strategic Cooperation

Our innovative achievements have been widely recognised by customers and the industry. As a national High and New Technology Enterprise (高新技術企業), a Specialized, Sophisticated, Special and New Little Giant Enterprise (專精特新小巨人企業), and an AAA Credit Enterprise (AAA級信用企業) in China, we have jointly established the Donghu Brand Institute with Huazhong University of Science and Technology (華科技大學) and other famous universities, and have been awarded a number of qualifications and authorisations for service providers and agencies. In 2024, we won the Gold Award for cross-border marketing of the 8th Kirin International Creative Festival (麒麟國際創意節) for our outstanding innovation and superb marketing strategies. In the future, we will continue to increase our investment in innovation, promote the deep integration of digital technology with our main business, and provide our customers with more efficient and intelligent brand solutions.



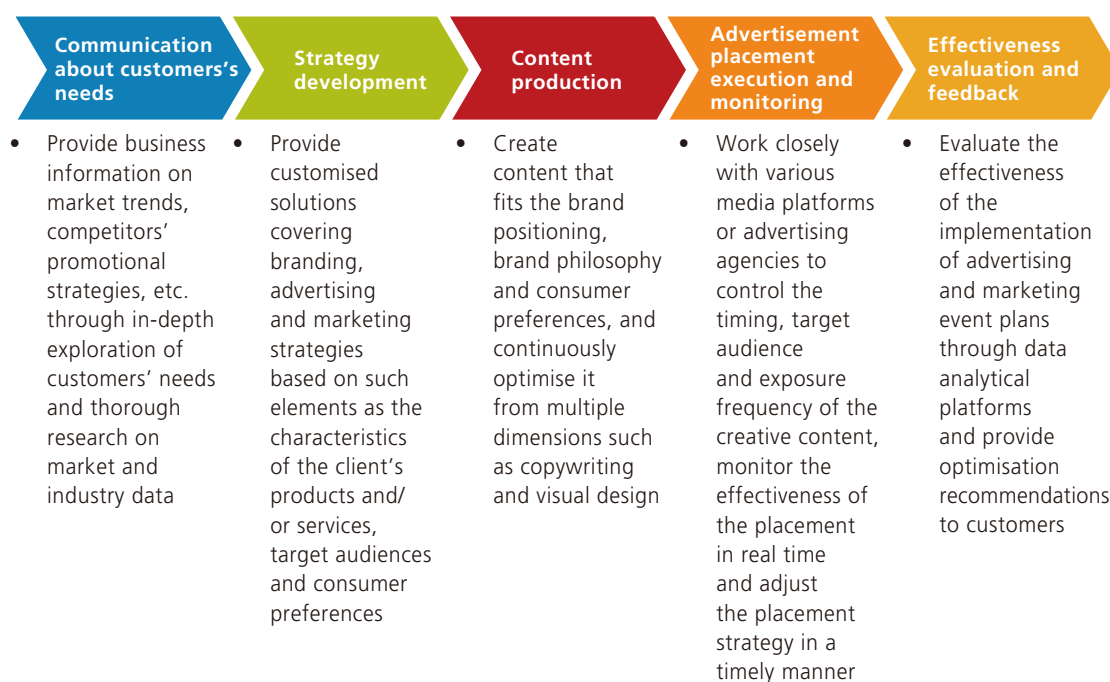
Gold Award for cross-border marketing of the 8th Kirin International Creative Festival

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.2 Customer Service and Satisfaction

Adhering to the concept of “advancement of development through excellence of service(以服務之優，謀發展之進)”, the Group strictly complies with *the People’s Republic of China on the Protection of Consumer Rights and Interests*(《中國人民共和國消費者權益法》) and *the Law of the People’s Republic of China on Product Quality*(《中華人民共和國產品質量法》) and other relevant laws and regulations, and always focuses on the customer, strictly controls service quality and builds a sound product and service quality assurance system around the construction of brand reputation. Meanwhile, we continue to enhance customer experience and satisfaction by virtue of our differentiated service solutions, specialized technical team, strong data analysis capability and efficient monitoring and analysis platforms.

The Group follows the below scientific process to develop and optimise its branding, advertising and marketing strategies to ensure that it provides the most optimal solutions to meet the market conditions of its customers:



We have formulated perfect internal quality control standards and inspection procedures in each key service link, which provide a strong guarantee of quality control in the whole process. The Group's media team is responsible for monitoring and evaluating the project from planning, production to execution, including reviewing summary reports and conducting random inspection on advertising plans, strictly controlling the quality and ensuring that the project process complies with laws and regulations and precisely meets the customers' actual needs. In addition, we regularly track feedback from our customers, suppliers and downstream consumers to make targeted improvements for our service processes and fully enhance our service quality. The products and services we provide are all intangible products and services delivered in virtual form, so there are no cases of personal injury and/or threats to customers or recalls of sold or delivered products and services.



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We respond to customer complaints with an open and responsible attitude and continuously improve the establishment of the management system related to customer complaints, standardizing the handling process, in order to build a sound complaint response mechanism. Our sales business department is responsible for communicating with customers, collecting customers' complaints and suggestions through various channels, carefully listening to customers' complaints and suggestions, taking immediate actions to investigate and deal with feedback, and following up on the situation in real time to ensure that customers' demands can be addressed. In 2024, the Group did not have any customer complaints related to products or services.

3.3 Intellectual Property Protection

The Group attaches importance to the protection of intellectual property rights and strictly complies with the *Law of the People's Republic of China on Science and Technology Progress* (《中華人民共和國科學技術進步法》), the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》), the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》), the *Copyright Law of the People's Republic of China* (《中華人民共和國著作權法》), and the *Regulations for the Protection of Computer Software* (《計算機軟件保護條例》), we have formulated the *Intellectual Property and Trademark and Patent Management Provisions* (《知識產權及商標專利管理規定》) to specify management requirements of the Group's copyrights, patent rights, trademark rights and other intellectual property rights. To protect our legitimate rights and interests while respecting the intellectual property rights of others, we timely apply for registration of the Company's innovation achievements, core technologies, high-quality products and other knowledge products to ensure that they are effectively protected.

We regularly organise employees to participate in intellectual property business training, continuously strengthen the intellectual property awareness of employees, and make sure that leaders, managers and R&D personnel at all levels are aware of the relevant intellectual property laws and regulations, conventions and basic knowledge. To improve the conversion efficiency of intellectual property rights and strengthen the management level of innovation achievements, we have formulated a patent reward mechanism for employees and take the intellectual property achievements and implementation benefits of the project as one of the main bases for the appointment and promotion of technical positions.



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3.4 Data Security and Customer Privacy Protection

The Group regards information security and privacy protection as one of the core elements of the Company's secure operations, strictly abides by the *Personal Information Protection Law of the People's Republic of China* (《中華人民共和國個人信息保護法》), the *Cybersecurity Law of the People's Republic of China* (《中華人民共和國網絡安全法》) and other laws and regulations, and formulates a series of internal management norms, such as the *Employee Information Security Regulations* (《員工信息安全規程》), the *Administrative Measures for Computer Systems* (《計算機系統管理辦法》), the *Administrative Measures for the Prevention of Computer Virus* (《計算機病毒防範管理辦法》) and the *Management Procedures for Data Backup* (《數據備份管理流程》), and is committed to providing comprehensive information security protection for stakeholders at all stages of information collection, use, transmission and processing.

Following the principle of "prevention first, security first, act in accordance with the law, and comprehensive management(預防為主，安全第一，依法辦事，綜合治理)," the information management department of the Group carries out unified planning and hierarchical management of our information systems, by establishing a sound computer information protection system, to conducts information security and privacy protection education and computer system security inspections on a regular basis, and assigns special personnel to be responsible for the specific implementation and supervision of the Group's information security work and provide technical support. In 2024, the Group did not experience any major information security incidents such as leakage or loss of customers' private data.

Virus prevention

- The Group's information department arranges specialised personnel to be responsible for virus prevention, supervising and guiding the checking and killing of viruses found;
- All computers are included in the anti-virus system established by the Group, and can only be activated after the person in the information department confirms that the designated anti-virus software has been installed.

Permission specifications

- Modify user passwords on a regular basis, and do not allow the reuse of old passwords;
- The computer application system of important positions has established passwords and operation passwords at different levels;
- It is strictly prohibited to copy business data and customer data privately and take them away from the workplace; if there are special circumstances, it must be approved and agreed by the person in charge of the department.

Contingency management

- Critical business systems have security recovery mechanisms and contingency measures to ensure the safe operation of the Group's systems.

Data backup

- The daily operation information and data of important business systems have a detailed backup system, and are backed up at the specified frequency, and the backup medium meets the relevant national security management regulations.



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4. EMPLOYEE RIGHTS AND INTERESTS

The Group has always regarded employees as the key force to enhance the competitiveness of the Company and achieve sustainable development. We respect every employee, protect their legitimate rights and interests, attach importance to the cultivation of the talent team, pay attention to the physical and mental health of employees, and provide employees with good welfare benefits. At the same time, we are committed to creating an equal, diverse and harmonious workplace environment to achieve the growth of talents and the Company's development in the same frequency.

4.1 Employee Employment

4.1.1 Recruitment and Employment

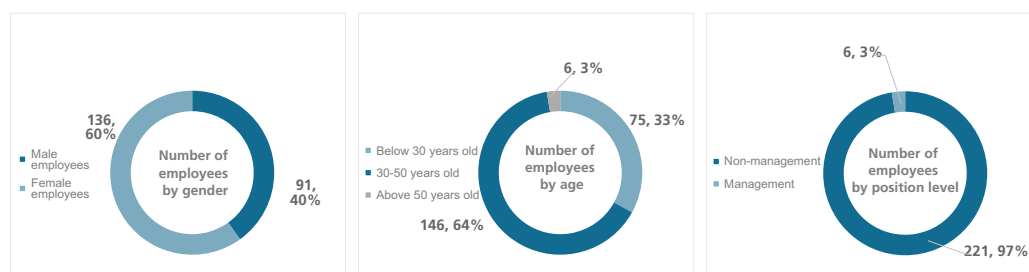
The Group strictly abides by the *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》), *Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》), *Employment Ordinance of the Hong Kong Special Administrative Region* and laws and regulations related to employment in the place of operation. We adhere to the "people-oriented" concept, regulate the recruitment and dismissal process, enter into contracts with employees in accordance with the law, formulate and implement the *Employee Manual*, and stipulate remuneration, promotion, work hours, vacations, anti-discrimination, equal opportunities and benefits to protect the legitimate rights and interests of employees.

The Group continues to improve its human resources management system and formulates a detailed talent recruitment plan every year based on the Group's business development plan. During the recruitment implementation process, the recruitment channel resources are constantly enriched, and talents are absorbed through various forms such as third-party recruitment platform and internal recommendation. In the process of recruiting talent, the Group adheres to the recruitment principle of "openness and fairness", comprehensively considers the academic qualifications, work experience, past outstanding performance and other factors of candidates, focuses on the qualities of their professional skills, innovative thinking and team spirit etc., to select outstanding talents who meet the job requirements.

We strictly abide by the *Prohibition of Child Labor Provisions* (《禁止使用童工規定》) the *Law of the People's Republic of China on the Protection of Minors* (《中華人民共和國未成年人保護法》) and relevant laws and regulations in the place of operation. We explicitly prohibit the use of child labor and forced labor and strictly scrutinize the identity information of candidates. The human resources department checks the candidates' information and documents to ensure that their age meets the statutory job requirements. In daily work, the Group adopts the standard working hours and advocates for departments to reasonably arrange work tasks and employees to schedule work reasonably. During the Reporting Period, there was no child labor or forced labor.

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As of 31 December 2024, the Group had a total of 227 employees. They were all full-time employees and came from Mainland China. The specific employee structure is shown in the figure below:



During the Reporting Period, the Group did not experience any significant layoffs and the employee turnover rate¹ was 24% in 2024, a decrease from the previous year.

Employee turnover rate		Unit	2024
By gender	Male	%	27
	Female	%	22
By age group	Below 30 years old	%	24
	30-50 years old	%	24
	Above 50 years old	%	14
By region	Mainland China	%	24
	Hong Kong, Macau, Taiwan and overseas regions	%	0

4.1.2 Equal Opportunity, Diversity and Anti-Discrimination

The Group actively creates a diverse, equitable and inclusive workplace environment, supports the *Universal Declaration of Human Rights* (《世界人權宣言》) and the *International Covenants on Human Rights* (《國際人權公約》), and complies with the requirements of international conventions, such as the *Discrimination (Employment and Occupational) Convention* (《就業和職業歧視公約》) of the International Labor Organisation and the *United Nations Global Compact* (《聯合國全球契約》). Starting from the recruitment process, to the establishment of the training system, to the formulation and issuance of remuneration and benefits, the Group treats all employees equally in every key aspect of their career development, provides equal opportunities for each employee, and prohibits any discrimination based on gender, age, ethnicity, family status, religious belief, physical disability, etc. At the same time, we attach great importance to the legitimate rights and interests of female employees, strictly abide by the *Constitution of the People's Republic of China* (《中華人民共和國憲法》), the *Law on the Protection of Women's Rights and Interests of the People's Republic of China* (《中華人民共和國婦女權益保障法》), and the *Special Rules on the Labor Protection of Female Employees* (《女職工勞動保護特別規定》), and provide vacations and benefits to female employees who are pregnant, in childbirth, or breastfeeding in accordance with the law. On Women's Day, we prepare afternoon tea for female employees, so that they can feel the Company's care and respect in a warm and pleasant atmosphere.

¹ Employee turnover rate = (number of departures of employees in this category for the whole year of FY2024/(number of departures of employees in this category for the whole year of FY2024 + number of employees in this category at the end of FY2024)) * 100%



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4.2 Occupational Health and Safety

The Group is committed to creating a safe and healthy working environment for its employees, and strictly abides by the *Law of the People's Republic of China on Work Safety* (《中華人民共和國安全生產法》), *Regulations on Work-related Injury Insurance* (《工傷保險條例》) and the *Law of the People's Republic of China on Fire Prevention* (《中華人民共和國消防法》) and other laws and regulations on occupational health and safety. The Group has formulated a series of work safety measures in the *Employee Manual* to prevent potential safety hazards in the work of employees. In order to ensure fire safety, personnel of relevant departments regularly inspect and maintain office equipment and fire equipment.

In the past three years, the Company has not experienced any major health and safety accidents, and no employee fatality has occurred due to work. During the Reporting Period, the Company's lost days due to work injury were zero.

	Unit	2024	2023	2022
Number of employee deaths	person	0	0	0
Ratio of work-related deaths	%	0	0	0
Days lost due to work injury	day	0	0	0

4.3 Employee Development and Training

The Group continuously optimizes its performance appraisal mechanism and has established the *Performance Appraisal and Management System* (《績效考核與績效管理制度》). Regular monthly performance evaluations are conducted, combining individual self-assessments with departmental evaluations. These assessments provide a comprehensive and objective evaluation based on work attitude, discipline, and results. The appraisal outcomes are linked to bonus incentives and career advancement, with rank adjustments made for eligible employees.

We actively empower employees in their career development and systematically advance the construction of a talent training system, aiming to build a high-quality and competitive talent team. Upon on-boarding, employees receive training covering the Company's development history, values, mission and vision, as well as rules and regulations. This helps employees clarify behavioral norms and development directions and work together toward achieving corporate goals. In daily operations, based on business development strategies and departmental needs, we provide professional skill-building and career planning support tailored to employees in different roles. Additionally, we emphasize diversifying training formats by adopting a combination of online and offline methods to comprehensively enhance employees' professional skills and career competencies. Specific measures include:

- Providing high-quality online courses for employees to facilitate self-directed learning;
- Organizing knowledge-sharing sessions where outstanding colleagues share work methods and practical cases to promote internal experience exchange;
- Inviting seasoned external experts to host training seminars to introduce advanced external concepts and knowledge.



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During the Reporting Period, the proportion of trained employees of the Company was 100%² and the average training hours per trained employee was 17.7 hours³. The average training hours⁴ per trained employee by gender and position are as follows:



Average training hours per male employee: 17.7 hours | Average training hours per female employee: 17.6 hours



Average training hours per management-level employee: 19.6 hours | Average training hours per non-management employee: 17.6 hours

Average Training Hours per Employee of the Group in 2024

Professional Training for the Finance Department

In December 2024, the Finance Department conducted a specialized training program aimed at enhancing the cost analysis capabilities of financial staff. The training incorporated real-world case studies and industry excellent practices to provide an in-depth analysis of the cost structures across various business processes. It also explored strategies for cost control and techniques for cost-benefit evaluation. Through this training, financial staff effectively mastered methods and applications of cost analysis. They are able to offer tailored optimization recommendations to various departments by preparing more detailed precise cost analysis report, and to establish a refined cost management and control system.



Cost Analysis Training

² Percentage of trainees = number of trainees/total number of employees*100%
³ Average training hours per employee = total number of training hours/total number of employees
⁴ Average training hours for each category of employees = total hours of training for that category of employees/number of employees in that category



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4.4 CARE FOR EMPLOYEES

4.4.1 Remuneration and Benefits

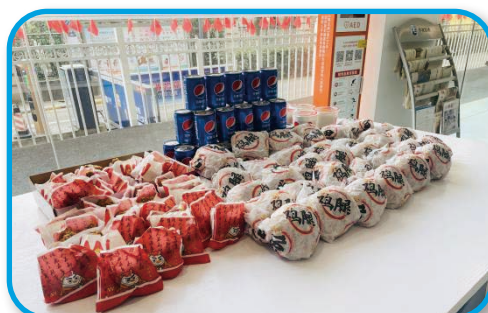
The Group provides employees with a comprehensive compensation package, including base salary and performance bonuses. To ensure the fairness and competitiveness of the remuneration system, we benchmark against the market annually while considering multiple factors such as employee qualifications, experience, tenure, and job performance to determine salary standards and performance benchmarks for each position. Our goal is to offer competitive incentives that motivate employees. In terms of benefits, the Group strictly complies with relevant laws and regulations by making social insurance and housing provident fund contributions, safeguarding employees' fundamental rights. We implement statutory holiday leave policies and offer various types of leave tailored to different situations employees may encounter in their work and personal lives, such as compensatory leave for overtime, paid sick leave, maternity leave, marriage leave, and bereavement leave. Additionally, to enhance employees' sense of happiness and belonging, we provide extra benefits like afternoon tea events and festive gifts.



Children's Day gifts



Christmas Eve gifts & Christmas afternoon tea event



Bi-monthly afternoon tea events

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Anniversary Celebration Benefits

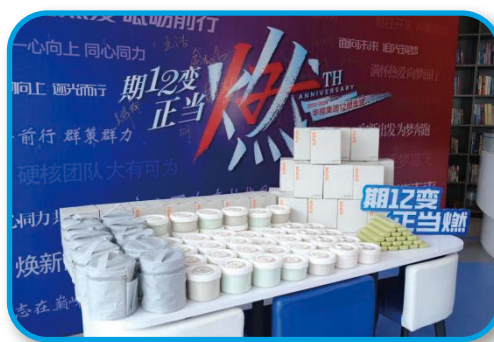
On the Group's 12th anniversary, the Company expressed gratitude for employees' hard work over the past year by preparing a special meal of braised minced pork rice, symbolizing the spirit of "braise" your limits. This initiative aimed to foster team cohesion and inspire a collaborative and ambitious mindset. In addition, carefully curated anniversary gifts were distributed to all employees as a token of appreciation, encouraging them to continue unlocking their potential, surpassing themselves, and growing alongside the Group in the future.



Anniversary celebration scene



Braised minced pork rice provided for employees



Anniversary gifts

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4.4.2 Employee Communication and Activities

The Group is committed to fostering an open and sincere communication culture and has established accessible and diversified feedback channels. Employees can submit feedback to their direct leaders either verbally or in writing, and after the preliminary examination of the feasibility of the feedback by the leaders, the feedback will be escalated through the hierarchical reporting structure. The heads of departments and the management of the Company consistently maintain a receptive and humble attitude to effectively solve the problems faced by the employees through listening carefully to employees and timely response to employees' requirements. Furthermore, the Group places emphasis on deriving value from employee feedback by systematically analyzing such feedback, which enables targeted enhancements to workflows and processes, thereby driving sound development.

The Group demonstrates genuine care for employees and encourages them to find a balance between work and life. On the one hand, we enrich the spare-time activities by organizing the Book Club on a regular basis to help the employees broaden their horizons of knowledge and enrich their spiritual world. On the other hand, in order to offer more team-building opportunities to each department, each department is encouraged to organize diverse activities with the funds provided by the Company, thereby cultivating a joyful and relaxing workplace environment, collectively enhancing the team cohesion and sense of belonging of the employees.

Book Club Activity

Marking the 29th World Book Day in April 2024, the Group hosted the 11th session of the Book Club at Donghu Academy (東湖書院). Under the theme of "World Book Day • Exploring the World Through Pages (世界讀書日•翻閱世界)", the Book Club was deeply integrated into the Group's cultural construction system. On the scene, the Chairman encouraged employees to take reading as an important way to their self-improvement, to broaden their knowledge horizons and thinking boundaries. By doing this, literate, cultivated and tasteful advertising professionals are nurtured to inject continuous innovative vitality and professional expertise into the Company's growth.



11th session of the Book Club at Donghu Academy



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Cycling Activity

In July 2024, the Group organized the “Riding Together Towards the Future (一騎向未來)” theme cycling activity, for employees at its Donghu headquarters, and provided nutritious light meals for its employees after the event. As an integral component of the corporate culture construction system, this activity deeply integrated health, vitality, and teamwork spirit. By enhancing employees’ morale, reinforcing their health and environmental awareness, and stimulating their working enthusiasm, the activity fostered a positive, cohesive and progressive organizational atmosphere.



“Riding Together Towards the Future (騎向未來)” theme activity

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5. SUPPLY CHAIN MANAGEMENT

The Group strictly complies with the *Civil Code of the People's Republic of China* (《中華人民共和國民法典》), the *Bidding and Tendering Law of the People's Republic of China* (《中華人民共和國招標投標法》) and other laws and regulations of the places of operation, and has formulated management systems such as the *Procurement Business Operation Process* (《採購業務操作流程》) to standardize supply chain management. At the same time, it has established a management system covering supplier access, routine maintenance and periodic evaluation to strengthen supply chain management and control and avoid or mitigate negative impacts on the environment and society caused by suppliers.

5.1 Supplier Access

In order to ensure that the products and services provided by suppliers meet the Group's standards and customers' requirements, we have formulated a supplier access process, whereby suppliers are required to complete screening and evaluation process before passing the supplier assessment.



5.2 Supplier Evaluation and Withdrawal

The Group has formulated the *Annual Supplier Evaluation Form* (《供應商年度評估表》) to conduct periodic evaluation on suppliers on an annual basis. During the evaluation process, the opinions of each department are consolidated, and the suppliers are scored on key factors such as the diversity of media resources, cooperation, price, etc., and then are categorized into tiered management groups according to evaluation score rankings. Suppliers whose evaluation results do not meet the Company's standards are removed from the *Qualified Supplier List* (《合格供方名錄》) after approval and our partnership with them will be terminated.

Number of suppliers by geographical location	Unit	2024
Mainland China	Number	69
Other	Number	0



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5.3 Responsible Procurement

The Group pays attention to the ESG performance of its suppliers and prioritizes cooperation with suppliers that are committed to sustainable development and using environmentally friendly materials. The Group fulfills environmental, ethical and compliance requirements and identifies the potential environmental and social risks of its suppliers in order to establish a stable supply chain management system.

Supplier Environmental Management

- During the supplier screening process, suppliers are required to provide qualification certificates such as environmental management system certification. Their potential environmental and social risks are identified during the screening process. These measures are aimed at ensuring that the prospective suppliers are capable of sustainable development;
- In the daily cooperation with suppliers, we strongly encourage service suppliers to sort and recycle recyclable materials after marketing activities to reduce waste;
- In the annual supplier evaluation, we assess our suppliers based on criteria such as raw material procurement, resource consumption minimization and handling of end products, and suppliers with “unqualified” assessment result will be removed from the *Qualified Supplier List* (《合格供方名錄》).

Supplier Ethics and Compliance Management

- Through industry reputation and customer evaluations, the credit level and business reputation of the suppliers in all aspects are well understood, so as to check whether there are any commercial frauds and other malpractices;
- We require all service suppliers to sign the Purchase Contract (《採購合同》), which specifies the business conduct and ethics of both parties.

6. CORPORATE GOVERNANCE

Our Group upholds the core business philosophy of “law-abiding integrity, high-quality services” and continuously improves governance standards to ensure the independence and diversity of the Board of Directors, thus safeguarding the rights and interests of Shareholders, investors, and other stakeholders. During the daily operations, we adhere to compliant development, advance integrity initiatives, promote fair competition, and strive to foster a secure and stable operating environment.



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6.1 Governance and Operation

The Group strictly complies with the relevant provisions of the *Company Law of the People's Republic of China* (《中華人民共和國公司法》), the *Cayman Company Law* (《開曼公司法》), the Listing Rules and the Articles of Association, continues to improve its governance system and effectively regulates the operation of the Company.

Board Independence

- The Board has established the Audit Committee, Remuneration Committee and Nomination Committee. Each Board committee performs its duties according to the terms of reference, and jointly monitors the corporate governance affairs.
- The Board consists of 4 independent directors. They have rich experience in brand image and marketing, accounting and financial management, and provide professional, objective and impartial independent opinions for the Board to make decisions. The Nomination Committee annually assesses the independence of independent non-executive Directors to ensure compliance with the standards.

Board Diversity

- The Board has set up measurable diversity target, which requires at least one female Director and periodically reviews the target.
- The Group has always ensured the diversity of the Board in terms of gender, cultural background, knowledge and skills, etc., so that the Board can provide multiple perspectives for corporate decision-making. The Group had nine Directors, three of whom were female members.

As the highest decision-making authority for overall risk management, the Board is responsible for exercising risk control and adopting responding measures comprehensively. During operation, the Group attaches importance to risk prevention, continues to optimize its management mechanism, emphasizes effective prevention and mitigates various risks, and adheres to the bottom line of "no occurrence of material risks".



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6.2 Business Ethics

6.2.1 Anti-corruption and Anti-Commercial Bribery

The Group strictly abides by the *Criminal Law of the People's Republic of China* (《中華人民共和國刑法》), the *Supervision Law of the People's Republic of China* (《中華人民共和國監察法》), the *Anti-Money Laundering Law of the People's Republic of China* (《中華人民共和國反洗錢法》) and other relevant anti-corruption policies and laws and regulations, and has formulated the *Anti-Bribery/Anti-Corruption Policy* (《反賄賂／反腐败政策》), *Regulations to Comply with the Management Process Policy Guide* (《法規遵守管理流程政策指引》), *Whistleblowing Policy* (《舉報政策》) and other internal policies to fully regulate the business practices of our employees, suppliers and other partners, which serves the purpose of resolutely resisting negative corruption such as forgetting righteousness for profits, benefiting individuals at the expense of public interests, non-credibility, deception and fraud. The administrative department of the Group is the supervision and management department of business ethics, responsible for carrying out the Group's work of controlling commercial bribery and exercising the duties of disciplinary inspection and supervision in accordance with the law and adopts a zero-tolerance attitude towards any form of bribery, fraud, extortion, money laundering and other illegal acts.

We require key staff and units or individuals with business dealings to sign the *Commitment Letter to Prevent Commercial Bribery* (《預防商業賄賂承諾書》) (hereinafter referred to as the “**Commitment Letter**”), and make a true record and analysis of their honest practices and take the implementation of the Commitment Letter by key staff as an important content of inspection, assessment and important basis for appointment and dismissal. At the same time, we will hold those who refuse to fulfil the Commitment Letter accountable in accordance with relevant regulations and strengthen the supervision of management of the honest practices by the key staff.

We encourage our employees and suppliers to report misconduct, fraud and non-compliance of our Group's employees through such channels as our whistleblower box, whistleblower hotline and Audit Committee mailbox. The Audit Committee of the Group has overall responsibility for implementing, monitoring and regularly reviewing the policy system. After receiving the whistleblowing, the Audit Committee evaluates the information obtained and appoints a designated person or investigation team to investigate the same. The relevant management decides on the disciplinary action based on the findings of the investigation, and the final decision on the disciplinary action is made after review by the Audit Committee. We have established a whistleblower protection system to firmly protect the personal safety and privacy information of whistleblowers and seriously deal with the retaliation against whistleblowers.

In addition, we lay emphasis on shaping an integrity culture. We incorporate anti-corruption related content into new joiners' training, and they need to participate in the training and pass corresponding assessments. We also conduct compliance and anti-corruption training for our Directors, the management and all our employees from time to time, including training content such as anti-corruption policies and regulations, policies and systems related to anti-corruption within the Group, the integrity practices of our Directors and diversified training content to further enhance the anti-corruption awareness of all employees.

During the Reporting Period, there were no corruption lawsuits against the Company or the employees.



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6.2.2 Anti-Unfair Competition

The Group is committed to creating a fair and honest business environment and strictly abides by relevant laws and regulations, such as the *Anti-Monopoly Law of the People's Republic of China* (《中華人民共和國反壟斷法》), the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》), in order to maintain fair competition order and reject any market transactions that violate business ethics.

We undertake to compete on an arm's length basis and strictly prohibit any unreasonable restrictions on partners or imposing differential treatment on our customers. We object to industry collusion about reaching restricted competition agreements, including price manipulation, market segmentation or unfair competition against the particular customers. In addition, we strictly adhere to the principles of open and fair competition, integrity, credit and scientific selection of tenders, and eliminate false or misleading advertising, and firmly object to illegal means such as fabrication or transmission of false information, theft and bribery, which damage the reputation of our competitors or infringe their trade secrets.

In order to enhance our awareness of fair competition, we have actively conducted special training on fair competition, enhanced our employees' compliance awareness and professional practices, and effectively ensured the healthy development of the market environment. During the Reporting Period, the Group did not experience any litigations arising from unfair competition.



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7. ENVIRONMENTAL RESPONSIBILITY

The Group adheres to the philosophy of green development, and strictly complies with the relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* (《中華人民共和國固體廢物污染環境防治法》) and the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* (《中華人民共和國大氣污染防治法》), and has formulated relevant environment protection systems, which cover waste treatment, reduction of greenhouse gas emissions, emission of water pollutants, efficient utilization of resources such as water and electricity etc. and formulated standards for the use of all kinds of natural resources and other office resources in the *Employee Manual*, actively explores opportunities to improve the efficiency of resource use.

Although the Group's business activities do not have a significant impact on the environment and natural resources, we still strive to minimize the negative impact on the environment and continue to enforce our environmental protection obligations through a series of measures such as reducing emissions, proper treatment of waste, saving resources, and enhancing recycling and promoting energy conservation and consumption reduction. During the Reporting Period, the Group did not experience any non-compliance with environmental laws and regulations.

7.1 Emission and Waste Management

The Group aims to ensure that all emissions are properly treated and minimized in the course of its operations, and to establish strict procedures to standardize the treatment of wastewater, exhaust and hazardous and non-hazardous waste. Due to the nature of our Group's business, we operate primarily in offices and do not involve any production or construction activities. Therefore, there is no emission that has a significant impact on the environment and there is no hazardous waste produced.

Wastewater discharge is mainly a small amount of domestic sewage generated from daily operation, which meets national and local discharge standards.

Wastewater	2024
Discharge of domestic wastewater (Tonnes)	7,756.08



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Our exhaust emissions include nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PMs), are mainly produced by the use of automobiles.

Exhaust Emissions	2024
Total emissions of NOx (Kg)	24.89
NOx Intensity (Kg/RMB ten million revenue)	0.86
Total emissions of SOx (Kg)	0.22
Total emission intensity of SOx (Kg/RMB ten million revenue)	0.01
Total emissions of PM (Kg)	2.15
Total emission intensity of PM (Kg/RMB ten million revenue)	0.07

In respect of non-hazardous waste such as domestic waste and kitchen waste produced during our operations, we have adopted measures such as reducing the amount of waste at source, combining the waste separation with the recycling, to properly treat waste and minimize the amount of waste produced. The Group's non-hazardous waste is collected and disposed of by the properties in a unified manner as the properties have not been separately calculated on the amount of waste to be produced by the Group and it is currently difficult to obtain accurate information on the non-hazardous waste. In order to enhance the integrity of information and the quality of disclosure, the Group is actively establishing a statistical mechanism, including setting up waste separation bins and improving the information collection process, to enhance the accuracy of waste management, with the aim to achieve relevant information disclosure in future reports.

Source Reduction	<ul style="list-style-type: none">• Practicing the philosophy of paperless office, and the files are processed, transferred and stored in electronic form, to minimize the use of paper;• Providing the environmentally friendly insulated lunch box, reducing the use of one-off products and cultivating environmental protection awareness among our employees.
Classified Recycling	<ul style="list-style-type: none">• Strictly implementing the garbage classification, and setting up classified wastebins in corporate offices, refreshment area to facilitate staff to carry out classified waste dumping and to engage cleaning and transportation companies to dispose of waste regularly.
Recycling Utilization	<ul style="list-style-type: none">• Encouraging double-sided printing and reusing the used papers;• Prioritizing the procurement of reusable or regenerable office supplies, and regularly checking assets and office supplies to repair, pack items for reuse.



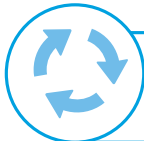
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7.2 Water Resources Management

The Group has set water use targets and has taken multiple measures to achieve the targets within the target year:

Water Use Objective:

Using 2020 as the base year, water consumption will increase by no more than **10%** by the end of 2025



We will improve the water management system and improve the efficiency of water use.



We will post water-saving notices, requiring the employees to consciously close faucets, advocating employees in their daily life to nurture water-saving habits.



We will Strengthen regular inspection and maintenance of water equipment to prevent water waste caused by leakage.



We will continue to upgrade water-using equipment, and using water-using equipment with higher water-saving efficiency.



We will monitor water resource usage data, accurately identify water-saving potential points, and identify key water saving links.

Our day-to-day operations do not involve the consumption of significant amounts of water resources and our water sources are predominantly municipal water supplies, so there are no issues related to obtaining suitable water sources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7.3 Energy Management and Greenhouse Gas Emissions

We aim to make rational use of electricity and continue to promote energy conservation and emission management. We have established the greenhouse gas emission targets covering both scope 1 and scope 2, to ensure the smooth implementation of our targets through continuing to track and assess the energy use density and greenhouse gas emissions.

Greenhouse Gas Emissions Targets:

Using 2020 as the base year, greenhouse gas emissions intensity will not increase by more than **10%** by the end of 2025

Gasoline and purchased electricity are the major energy consumption in our operations. Fuel combustion of vehicles is our primary source of direct greenhouse gas emissions, while our indirect greenhouse gas emissions are derived primarily from purchased electricity.

Resource Category	2024
Total energy consumption ('000 Kwh)	511.38
Direct energy consumption ('000 Kwh)	138.77
Indirect energy consumption ('000 Kwh)	372.61
Energy use density ('000 Kwh/RMB ten million revenue)	17.73
Total water consumption (Tonnes)	8,617.87
Water density (Tonnes/RMB ten million revenue)	298.71

Greenhouse gas emissions ⁵	2024
Greenhouse gas emissions (scope 1) (Tonnes of CO ₂ equivalent)	33.44
Greenhouse gas emissions (scope 2) (Tonnes of CO ₂ equivalent)	231.20
Total greenhouse gas emissions (Tonnes of CO ₂ equivalent)	264.64
Total greenhouse gas emissions intensity (Tonnes of CO ₂ equivalent/RMB ten million revenue)	9.17

⁵ Greenhouse gas accounting is based on *GHG Protocol: Corporate Accounting and Reporting Standard (2004)* and presented in CO₂ equivalent. The accounting method and conversion factors come from the *Accounting Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises* (《工業其他行業企業溫室氣體排放核算方法與報告指南》) issued by the National Development and Reform Commission.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To achieve the Group's energy conservation and emission reduction targets, we have adopted various measures to deepen the green operation practices:



Energy management

- Setting office appliance such as computers and printers to sleep mode automatically, and switching office equipment and electrical appliances automatically to low-energy consumption mode during non-working hours;
- Employees are required to turn off lighting, equipment and other electronic devices when equipment is not used to maximize energy consumption reduction;
- Use energy efficient LED lights as a priority and conduct regular performance checks;
- Set the air conditioning temperature at 24 degrees, and strictly control the use periods;
- Equipped with electronic appliance and office equipment that meet higher environmental protection standards in office areas.



Green office

- We will promote a green conference model and encourage teleconferences and online meetings;
- We will regularly analyze and assess resources use information to optimize the resource management strategies.



Low-carbon travel

- Use of vehicles for company affairs is limited to the necessary meetings and travel only, which will reduce unnecessary travel;
- Regular repair and maintenance of vehicles and other equipment to ensure their high-level operational efficiency to avoid additional emissions due to aging or malfunction of the equipment;
- Encourage employees to travel green and use public transport wherever possible.

We are not involved in any physical products in the course of our operations and therefore, there is no use in a significant amount of packaging materials.

7.4 Responding to Climate Change

The Group has established a top-down risks and opportunities management mechanism for climate change. As the highest authority, the Board is responsible for the directions and overseeing of the climate change-related work in the Group and finally approving the publication of climate-related policies. The Board has established an audit committee to assess climate risks and opportunities, oversee the implementation of climate action and review the progress of climate objectives. The ESG Taskforce is responsible for the implementation of climate-related management work, including identification, assessment and management of climate risks and opportunities during daily operation. We incorporate climate risk monitoring into our standard operating procedures to ensure appropriate mitigation measures are in place in regular management reviews. As of the date of this report, climate-related factors have not yet been included in our remuneration policy and we will continue to improve the relevant policy systems in the future.

We attach great importance to the popularization of knowledge on climate change and the construction of response capabilities. The Board of the Group has been focusing on the latest updates of the domestic and international climate regulations and disclosure requirement and actively keeping abreast of the trend of climate investment and financing in the capital market. At the same time, we encourage our staff to actively participate in the learning of climate change knowledge, make full use of our internal and external expertise resources and conduct training on climate-related knowledge from time to time, and are intended to enhance the climate risk awareness of all staff and enhance their overall capabilities to respond to climate change.



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In the long run, the risks and opportunities presented by climate change can have a significant impact on the Company's business in the future. In order to comprehensively enhance our capabilities to respond to climate change, we have identified key climate risks and opportunities, assess our climate resilience, analyze the impact of climate risks and opportunities on our business, and formulate detailed plans for climate risks response, and the specific steps are as follows:

Identification	<ul style="list-style-type: none">• In accordance with the list of climate risks and opportunities in the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), in combination with the Group's business positions and strategic planning, latest trends in global climate-related policies and systems, major concerns of internal and external parties, and extensive surveys on peer companies, the Company has initially formed a climate-related risks and opportunities base.
Assessment	<ul style="list-style-type: none">• Incorporating climate physical and transition risks analysis into our risk assessment process and risk appetite setting, the Board or external experts will conduct climate change assessment annually and sort out the risks according to severity of impact and probability of occurrence to determine the critical climate risks.
Analysis	<ul style="list-style-type: none">• Analyze the impact of key climate risks and opportunities on our own business and value chain, and assess the short, medium and long-term impact of climate risk and opportunities, respectively.
Review	<ul style="list-style-type: none">• Review the Group's existing strategies, targets and effectiveness and adequacy of internal controls based on the identified risks and the corresponding effect assessment results to implement necessary improvement measures and enhance risk response. If the risks and opportunities are considered to be material, we will consider them in our strategic and financial plans.

Taking into account the Group's business plan and the "Dual Carbon Strategies" of the country, we have formulated the time span: short-term, medium term and long-term, namely: short-term is less than 5 years, medium term is 5 to 10 years, and the long term is more than 10 years. We have identified the key potential physical risks and transition risks related to climate changes and have carried out relevant countermeasures.




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Risk Categories	Risk Description	Operational and Financial Impact	Risk Response
Physical risk 	<ul style="list-style-type: none"> • Acute • Extreme weather events caused by climate change, such as floods, typhoons and droughts, have become more frequent and unpredictable. This will create a physical risk that disrupts supply chain continuity, damages corporate assets, affects corporate operations, and further threatens the safety of employees and customers. 	<ul style="list-style-type: none"> • Risk of short-term supply chain interruption increases, which will affect the delivery of services, resulting in a decrease in revenue; • The short-term physical assets and facilities are susceptible to physical destruction and assets impairment, resulting in additional costs for repairing and restoring the damaged infrastructures; • Safety hazards from extreme weather damage to short-term customers and employees increase, resulting in more protection and compensation cost; • In response to extreme weather, management requirements and difficulty increase in the medium term, the operating cost increases. 	<ul style="list-style-type: none"> • The risk management team of the Group considers potential asset losses and supply chain disruption risks related to extreme weather in the plan and formulates a policy on severe weather conditions, establish a corresponding warning and response mechanism, and formulate contingency plans to enhance its ability to handle various types of accidents, disasters and health incidents, so as to ensure the continuity and sustainability of the business; • Conduct publicity and education on disaster prevention and mitigation to employees; • Issue extreme weather warning information to employees to enhance their protection and responding awareness.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk Categories	Risk Description	Operational and Financial Impact	Risk Response
<ul style="list-style-type: none"> Chronic 	<ul style="list-style-type: none"> With the increase in the concentration of carbon dioxide in the atmosphere, the greenhouse effect has become more apparent, resulting in an increase in global average temperature, which is represented as the extreme high temperature becomes more and more severe, and at the same time, the number of high-temperature days in a full year also increase. 	<ul style="list-style-type: none"> Increase in the need for cooling in daily office in short-term led to the increase in electricity costs and operating expenses; In the medium term, more employees are exposed to heat-related health risks, which will affect labor productivity, project progress and revenue. 	<ul style="list-style-type: none"> Monitor the changes in climate, adjusting the layout of operating premises and facilities in due course, and adopt a climate risk management strategy; Implement energy conservation measures, optimize energy efficiency and reduce the cost due to the increased cooling demand.
Transition risk 	<ul style="list-style-type: none"> Policy and Law Countries of the world have formulated more stringent climate policies and carbon reduction requirements, including the formulation of emission reduction net zero route, strengthening the requirements for and regulation of existing services, such as green operation, and our operations will face more stringent policy pressure in the medium to long term. 	<ul style="list-style-type: none"> In the short term, more stringent requirements are imposed on greenhouse gas emissions and emission ranges, resulting in higher emission management cost and emission reduction cost ; In the short term, the demand for green refurbishment and compliance refurbishment increases, resulting in an increase in operating expenses; In the medium to long term, non-compliance with relevant regulations may subject to fines, which result in an increase in financial risks and may damage brand reputation. 	<ul style="list-style-type: none"> Keep abreast of and adapt to changes in policies, optimize the environmental management system of the Company and ensure compliance with the latest regulatory requirements; Increase the Company's renewable energy use percentage, such as purchasing green power ; Optimize supplier management system and improve sustainability as an evaluation criteria indicator to select suppliers.







ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk Categories	Risk Description	Operational and Financial Impact	Risk Response
<ul style="list-style-type: none"> Market 	<ul style="list-style-type: none"> Investors and the public are increasingly demanding that the Company respond positively to climate change, and failure to respond could negatively affect the Company's performance in the capital markets and public perception. 	<ul style="list-style-type: none"> In the short term, green transition and investment have led to an increase in operating cost; In the medium and long term, unfavorable sustainability performance results as compared to peer companies result in a risk of loss customers and a decrease in revenue. 	<ul style="list-style-type: none"> Incorporate sustainability factors into the decision-making process of brand development strategies and advertising activities; In strict compliance with the relevant regulations, actively communicating with stakeholders, promoting multi-party cooperation and enhancing the Group's reputation.

We have also identified potential opportunities for climate change and have assessed the positive impact of the corresponding opportunities on the Group. Through a forward-looking strategic layout, we have adopted measures, such as improving resources efficiency, promoting green innovation and expanding sustainable market to enhance the resilience of the supply chain and optimize the operation model to realize the long-term sustainable growth of the business, seize the new opportunities arising from green transition and enhance the Group's market competitiveness and brand value.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Opportunity Category	Operational and Financial Impact
Resource Efficiency 	<ul style="list-style-type: none">• Reduce the use of resources, thereby reducing operating costs through the efficient use of resources, waste recycling, the use of green technologies, etc.;• Reduce carbon emissions and mitigate potential compliance risk and reduce carbon cost.
Products and Services 	<ul style="list-style-type: none">• Develop climate adaptation options, develop innovative products and services that meet green needs, and drive diversified operations to enhance competitiveness and drive the Group's sustainable revenue growth;• New technologies and digital technologies, such as AI and Big Data, have deeply integrated into the business areas, promoting digital transformation of the operation, which will enhance the Group's capability in testing, forecasting and responding to climate risks, and at the same time, bring new revenue growth to the Group.
Market 	<ul style="list-style-type: none">• Expand revenue resources by entering new markets in green marketing areas;• Gain more capital investment and project cooperation opportunities, attract new investors and explore capital sources by enhancing the Group's sustainable development performance.
Resilience 	<ul style="list-style-type: none">• Continue to improve the Group's institutions and systems, strengthen resource substitution and diversification and the reliability of the supply chain, and improve the Group's adaptability to various environments for the purpose of reinforcing operational capability so as to increase revenue;• Enhance its overall ability to cope with climate risk, enhance the trust of Shareholders and investors, and increase the market value and revenue potential by strengthening the education and training on climate change for employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

8. COMMUNITY CONTRIBUTION

The Group remains steadfast in its commitment to promoting social equity and justice, actively fulfilling corporate social responsibilities with a strong sense of responsibility. We engage in community development by participating in diverse community activities, strategically leveraging internal and external resources, and fostering close and productive partnerships to pioneer innovative models for sustainable communities, so as to promote the sustainable development of the community through the wisdom and strength of the Company.

In the meantime, the Group are aware of the various challenges faced by vulnerable populations in society and always prioritizes safeguarding their rights. We advocate employees to proactively support those in need in daily life, cultivate a workplace culture rooted in mutual assistance. Furthermore, we promote employee participation in community volunteer services and collaborate with diverse sectors of society to drive collective progress toward an inclusive, harmonious, and sustainable society.

Donation of Charitable Supplies

In September 2024, the Chairman of the Group donated charitable supplies to Wuhan Beautiful Home Family Support Center for Children with Intellectual Disabilities(美好家園心智障礙人才家庭支援中心). These contributions are dedicated to supporting children with intellectual disabilities to carry out daily rehabilitation training activities, offering them strength and hope on their journey toward recovery. The Group actively participates in public welfare initiatives, prioritizes care for vulnerable communities, and strives to foster a harmonious, inclusive, and compassionate society.

Third Session of “World Young Talk” Theme Event

In October 2024, the Chairman of the Group attended the third session of the “World Young Talk” theme event. Hosted by the Hubei Provincial International Cultural Exchange Center (湖北省國際文化交流中心) and co-organized by the Hubei Youth Federation, the event centered on the theme “Savor the Charm of Jingchu, Amplify the Power of Culture (品味風韻荊楚·激揚文化偉力)”, inviting Chinese and international guests to immerse themselves in Jingchu culture. The Group collaborated with organizers to facilitate activities such as intellectual exchanges, cultural immersion experiences, and in-depth interactions. By using culture as a bridge, we promoted mutual learning among global youth, contributed to world peace and development, and fully demonstrated the Group’s social responsibility and international vision.



Launching Ceremony of the Third Session of “World Young Talk” Theme Event



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

9. APPENDIX: INDEX TO EXCHANGE ESG REPORTING GUIDE

ESG Indicators		Disclosure	Corresponding chapter
A1 General Disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	7 Environmental Responsibility
A1.1	The types of emissions and respective emissions data.	Disclosed	7.1 Emission and Waste Management
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable	The Group is a non-producing enterprise and does not generate hazardous waste.
A1.4	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Comply or explain	7.1 Emission and Waste Management
A1.5	Description of emissions target(s) set, and steps taken to achieve them.	Disclosed	7.1 Emission and Waste Management
A1.6	Description of how hazardous and non-hazardous waste is handled, and a description of reduction target(s) set, and steps taken to achieve them.	Disclosed	7.1 Emission and Waste Management



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Disclosed	7 Environmental Responsibility
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).	Disclosed	7.3 Energy Management and Greenhouse Gas Emissions
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	7.2 Water Resources Management
A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them.	Disclosed	7.3 Energy Management and Greenhouse Gas Emissions
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.	Disclosed	7.2 Water Resources Management
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable	The Group is a non-production enterprise without the use of packaging materials
A3 General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Disclosed	7 Environmental Responsibility
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	7 Environmental Responsibility



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
B1 General Disclosure	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.	Disclosed	4.1 Employee Employment
B1.1	Total workforce by gender, employment type (for example, full- or part time), age group and geographical region.	Disclosed	4.1 Employee Employment
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	4.1 Employee Employment
B2 General Disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	4.2 Occupational Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	4.2 Occupational Health and Safety
B2.2	Lost days due to work injury.	Disclosed	4.2 Occupational Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	4.2 Occupational Health and Safety



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	4.3 Employee Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	4.3 Employee Development and Training
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	4.3 Employee Development and Training
B4 General Disclosure	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.	Disclosed	4.1 Employee Employment
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	4.1 Employee Employment
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	4.1 Employee Employment
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	5 Supply Chain Management
B5.1	Number of suppliers by geographical region.	Disclosed	5.2 Supplier Evaluation and Withdrawal
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	5 Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	5 Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	5.3 Responsible Procurement



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
B6 General Disclosure	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.	Disclosed	3 Quality of Product and Services
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable	The Group is a non-productive enterprise and does not involve products that need to be recycled for safety and health reasons
B6.2	Number of products and service-related complaints received and how they are dealt with.	Disclosed	3.2 Customer Service and Satisfaction
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	3.3 Intellectual Property Protection
B6.4	Description of quality assurance process and recall procedures.	Not applicable	The Group is a non-production enterprise and does not involve the quality verification process and product recycling procedures
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	3.4 Data Security and Customer Privacy Protection



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
B7 General Disclosure	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.	Disclosed	6.2 Business Ethics
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.	Disclosed	6.2 Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	6.2 Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	6.2 Business Ethics
B8 General Disclosure	Policies on community contribution to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	8 Community Contribution
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	8 Community Contribution
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	8 Community Contribution
Section D: Climate-related disclosures	This section will be effective for financial years beginning on or after 1 January 2025 and will continue to be disclosed in accordance with the 31 December 2023 version of Appendix C2-Environmental, Social and Governance Reporting Guide, as detailed in the "Responding to Climate Change" section, for the Reporting Period.		



INDEPENDENT AUDITOR'S REPORT



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TO THE SHAREHOLDERS OF HUASHI GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Huashi Group Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 125 to 177, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

REVENUE RECOGNITION

Refer to summary of accounting policies in note 3.5 and disclosure of revenue in note 5 to the consolidated financial statements.

The Group is principally engaged in the provision of branding, advertising and marketing services and advertisement placement services in the PRC.



INDEPENDENT AUDITOR'S REPORT

REVENUE RECOGNITION (Continued)

Revenue from provision of branding services, event execution and production services, and multimedia advertising services are recognised over service/performance period. Furthermore, the Group only acts as agent in the provision of advertisement placement services (including rebates from Media Partner) and recognised fee, commission or net amount of consideration retained after paying the other party the consideration received in exchange for those services provided by that party as revenue.

We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the recognition of revenue by management to meet specific targets or expectations.

Our response

Our procedures in relation to assess the recognition of revenue included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls which govern revenue recognition;
- inspecting agreements with advertisers, on a sample basis, to understand the terms of advertising services and assess whether management recognised the related revenue in accordance with the Group's accounting policies, with reference to the requirements of the prevailing accounting standards;
- obtaining confirmations, on a sample basis, from major customers of the Group of sales transactions during the year, for unreturned confirmations, performing alternative procedures by comparing details of the transactions with relevant underlying documentation;
- comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying agreements with advertisers and monthly customer statements to determine whether the related revenue had been recognised in the appropriate financial period; and
- comparing sales records for a sample of sales transactions recorded during the year with relevant underlying documentation, which included sales invoices and monthly customer statements with evidence of the customers' receipt of the services and the date of receipt of the services by the customers.



INDEPENDENT AUDITOR'S REPORT

RECOVERABILITY OF TRADE AND OTHER RECEIVABLES

Refer to summary of accounting policies in note 3.4(ii), critical accounting estimates and judgements in note 4(ii) and disclosure of trade and other receivables in notes 18 and 19 respectively to the consolidated financial statements.

As at 31 December 2024, the Group had net trade receivables amounting to approximately RMB203.2 million after making allowance for impairment loss of approximately RMB14.5 million and net deposits and other receivables amounting to approximately RMB125.0 million after making allowance for impairment loss of approximately RMB1.8 million. They represented approximately 62.8% of the total assets of the Group and are considered quantitatively significant to the Group.

The Group measures the loss allowance for its trade receivables at an amount equal to the lifetime expected credit losses ("**ECLs**") using the provision matrix. The provision matrix is determined based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group measures the loss allowance for its deposits and other receivables based on the 12-months ECLs. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

We identified the recoverability of trade and other receivables as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant degree of judgements made by the management in assessing the impairment of trade and other receivables and determining the allowance for impairment losses.

Our response

Our procedures in relation to the recoverability of trade and other receivables included the following:

- discussing with management whether the provision for ECLs is adequate and assess the assumptions and estimates made by the management in development of the ECLs are in compliance with HKFRS 9;
- obtaining an understanding of the basis of management's approach to measuring ECLs of trade and other receivables balances and assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rate are appropriately adjusted based on current economic conditions and forward-looking information;
- testing the integrity of information used by management and management valuer for impairment assessment, including trade and other receivables ageing analysis as at 31 December 2024, on a sample basis, by comparing individual items in the analysis with the relevant sales agreements, sales invoices and other supporting documents;
- obtaining confirmations on a sample basis at the year end, for unreturned confirmations, performing alternative procedures by comparing details of the transactions with relevant underlying documentation;
- obtaining external valuation reports from management's expert and assessing the capability, competency, objectivity and independence of the management expert; and
- engaging internal valuation specialist to review the reasonableness of ECLs estimation and assumption performed by management's experts.



INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include 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.

DIRECTORS' RESPONSIBILITIES 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 HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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



INDEPENDENT AUDITOR'S REPORT

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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



INDEPENDENT AUDITOR'S REPORT

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

From the matters communicated with the directors, 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.

BDO Limited

Certified Public Accountants

Yau Shuk Yuen Amy

Practising Certificate no. P06095

Hong Kong, 27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024



	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	288,526	234,747
Cost of services		(128,979)	(84,886)
Gross profit		159,547	149,861
Other income and other losses, net	6	8,919	4,038
Selling and marketing expenses		(18,496)	(10,659)
Administrative and other operating expenses		(45,077)	(39,011)
Listing expenses		–	(15,745)
Reversal of/(provision for) expected credit loss on financial and contract assets, net		365	(7,435)
Finance costs	7	(5,083)	(2,271)
Profit before income tax expense	8	100,175	78,778
Income tax expense	9	(19,540)	(13,795)
Profit for the year		80,635	64,983
Profit for the year attributable to:			
– Owners of the Company		80,635	64,983
		80,635	64,983
Earnings per share attributable to owners of the Company	11		
– Basic and diluted (RMB cents)		10.46	9.79



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Assets			
Non-current assets			
Plant and equipment	13	49,073	16,982
Right-of-use assets	14	6,089	3,383
Intangible assets	15	1,238	2,404
Deferred tax assets	25	3,231	3,242
Prepayments	19	626	45,432
		60,257	71,443
Current assets			
Contract assets	17	–	1,008
Trade receivables	18	203,236	243,311
Deposits, prepayments and other receivables	19	158,761	7,217
Cash and cash equivalents	20	100,398	171,023
		462,395	422,559
Total assets		522,652	494,002
Liabilities			
Current liabilities			
Trade payables	22	29,581	84,899
Accruals and other payables	23	12,235	7,820
Contract liabilities	5	6,122	1,873
Lease liabilities	16	2,400	1,149
Borrowings	24	93,920	107,950
Current tax liabilities		6,458	2,867
		150,716	206,558
Net current assets		311,679	216,001
Total assets less current liabilities		371,936	287,444

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024



	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Borrowings	24	14,000	10,990
Lease liabilities	16	7,440	6,628
Deferred tax liabilities	25	7,252	7,217
		28,692	24,835
Total liabilities		179,408	231,393
NET ASSETS		343,244	262,609
Equity attributable to owners of the Company			
Share capital	27	276,515	276,515
Reserves		66,729	(13,906)
TOTAL EQUITY		343,244	262,609

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 March 2025 and were signed on its behalf by:

Chen Jicheng
Director

Xue Yuchun
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company				Total RMB'000
	Share capital RMB'000 (Note 27)	Capital reserves* RMB'000 (Note 27)	PRC statutory reserves* RMB'000 (Note 27)	Retained profits* RMB'000	
Balance at 1 January 2023	322	1,596	10,910	81,300	94,128
Profit for the year	–	–	–	64,983	64,983
Issue of shares upon listing (Note 27)	44,857	74,699	–	–	119,556
Issue of shares under Capitalisation Issue (Note 27)	231,336	(231,336)	–	–	–
Expenses attributed to issue of new shares upon listing	–	(16,058)	–	–	(16,058)
Balance at 31 December 2023 and 1 January 2024	276,515	(171,099)	10,910	146,283	262,609
Profit for the year	–	–	–	80,635	80,635
Appropriation to PRC statutory reserves	–	–	9,449	(9,449)	–
Balance at 31 December 2024	276,515	(171,099)	20,359	217,469	343,244

* The total of these amounts as at the reporting dates represents “Reserves” in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024



	Notes	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Profit before income tax expense		100,175	78,778
Adjustments for:			
Interest income	6	(696)	(791)
Finance costs	7	5,083	2,271
Depreciation of plant and equipment	13	5,618	4,842
Depreciation of right-of-use assets	14	798	833
Amortisation of intangible assets	15	1,216	1,165
Exchange (gain)/loss	6	(664)	1,287
(Reversal of)/provision for expected credit loss on financial and contract assets, net	8	(365)	7,435
Operating profit before working capital changes		111,165	95,820
Decrease in contract assets		1,075	1,428
Decrease/(increase) in trade receivables		41,709	(148,670)
(Increase)/decrease in deposits, prepayments and other receivables		(30,874)	13,778
(Decrease)/increase in trade payables		(55,318)	76,991
Increase in accruals and other payables		4,415	614
Increase/(decrease) in contract liabilities		4,249	(2,484)
Cash generated from operating activities		76,421	37,477
Income tax paid		(15,903)	(13,590)
Net cash generated from operating activities		60,518	23,887
Cash flows from investing activities			
Interest received		696	791
Purchase of plant and equipment	13	(29,709)	(3,866)
Purchase of intangible assets	15	(50)	–
Prepayment for intangible assets		(85,200)	(32,932)
Prepayment for equipment		–	(8,000)
Refund of prepayment for an intangible asset		–	4,500
Repayment of amount due from a shareholder		–	307
Net cash used in investing activities		(114,263)	(39,200)



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from financing activities			
Proceeds from borrowings	26	97,000	128,950
Repayment of borrowings	26	(108,020)	(47,953)
Lease payments	26	(1,783)	(310)
Refund of lease payments	26	–	2,581
Payments of loan interests	26	(4,741)	(2,017)
Proceeds from issue of new shares	27	–	119,556
Payments of share issue expenses	27	–	(16,058)
Net cash (used in)/generated from financing activities		(17,544)	184,749
Net (decrease)/increase in cash and cash equivalents		(71,289)	169,436
Exchange differences on cash and cash equivalents		664	(1,287)
Cash and cash equivalents at beginning of the year		171,023	2,874
Cash and cash equivalents at end of the year		100,398	171,023

Major non-cash transaction:

During the year ended 31 December 2024, prepayments in non-current assets amounted to RMB122,006,000 (2023:Nil) were transferred to deposits, prepayments and other receivables in current assets due to cancellation of contracts related to acquisition of intangible assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands on 18 February 2021 with limited liability under the Companies Act (as revised) of the Cayman Islands. The Company's registered office is located at 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands. The Company's principal place of business is located in the People's Republic of China (the "**PRC**").

The principal activity of the Company is investment holding. The Group is principally engaged in provision of branding, advertising and marketing services and advertisement placement services in the PRC.

Particulars of the Company's principal subsidiaries are set out in Note 21 to the consolidated financial statements.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (collectively "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong). In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The preparation of financial statements in compliance with adopted HKFRSs requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

i. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

ii. Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the Company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. BASIS OF PREPARATION (Continued)

iii. New standards, interpretations and amendments adopted from 1 January 2024

The following amendments are effective for the annual reporting period beginning 1 January 2024:

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

Adoption of these amendments to HKFRS Accounting Standards had no material impact on the Group's consolidated financial statements.

iv. New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the HKICPA that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the annual reporting period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to HKAS 21 The Effects of Changes in Foreign Exchange Rates and HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards)

The following amendments are effective for the annual reporting period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to HKFRS 9 Financial Instruments and HKFRS 7 Financial Instruments: Disclosures)
- Contracts Referencing Nature-dependent Electricity (Amendments to HKFRS 9 Financial Instruments and HKFRS 7 Financial Instruments: Disclosures)
- Annual Improvements to HKFRS Accounting Standards – Volume 11



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. BASIS OF PREPARATION (Continued)

iv. New standards, interpretations and amendments not yet effective (Continued)

The following new standards are effective for the annual reporting period beginning 1 January 2027:

- HKFRS 18 Presentation and Disclosure in Financial Statements; and
- HKFRS 19 Subsidiaries without Public Accountability: Disclosures

The Group is currently assessing the effect of these new accounting standards and amendments.

HKFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The adoption of HKFRS 19 is optional. HKFRS 19 specifies the disclosure requirements that an entity is permitted to apply to substitute the disclosure requirements in other HKFRS Accounting Standards. The Company's shares are listed and traded in The Stock Exchange of Hong Kong Limited. Therefore, it has public accountability according to HKFRS 19 and does not qualify for electing to apply the standard to prepare its financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. SUMMARY OF ACCOUNTING POLICIES

This note provides a list of the accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

3.2 Intangible assets and research activities

Intangible assets acquired separately are initially recognised at cost. Expenditure on research activities is recognised in profit or loss as incurred.

Intangible assets with finite useful lives are subsequently amortised over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortisation is provided on a straight-line basis over their useful lives as follows:

Mobile application	5 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

3.3 Plant and equipment

Plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Plant and equipment are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight line method. The useful lives are as follows:

Leasehold improvements	Over the remaining life of the related leases but not exceeding 5 years
Motor vehicles	10 years
Office equipment	3 – 5 years
Broadcasting equipment	5 years

The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress is stated at cost less any accumulated impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Construction in progress is transferred to the appropriate classes of property, plant and equipment when substantially all the activities necessary to prepare the assets for the intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

The gain or loss on disposal of an item of plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.4 Financial instruments

i. Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item classified as subsequently measured at amortised cost, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Debt instruments including trade receivables, deposits and other receivables that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost using effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. The Group derecognises these assets when contractual rights to the cashflows from the asset expire, or when it transfers these assets and substantially all the risks and rewards of ownership of the asset to another entity.

ii. Impairment loss on financial assets

The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

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

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

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

ii. Impairment loss on financial assets (Continued)

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

- significant financial difficulty of the issuer or the borrower;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- a breach of contract, such as a default or past due event.

In addition, the Group considers that an event of default occurs when there is a breach of financial covenants by the counterparty; or information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

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

iii. Financial liabilities

Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable transaction costs incurred. They are subsequently measured at amortised costs under effective interest method. Interest expense is recognised in accordance with the accounting policy as set out in note 3.10 and foreign exchange gains and losses are recognised in profit or loss.

Gains or losses are also recognised in profit or loss when the liabilities are derecognised. Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

iv. Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3.5 Revenue recognition

i. Provision of branding services

The Group provide branding services to customers where the Group will conduct market research and formulate comprehensive and customised branding services proposals for customers covering various areas, including corporate brand building, products and/or services positioning, and marketing and sales strategies, which generally include studying and analysing on the customer's brand; designing and planning of the brand development strategies and design of the brand image; as well as formulation of products and/or services marketing and brand promotion plans.

The customer generally pays a non-refundable deposit upon entering the contract and will make the remaining payments by instalments during the provision of branding services. Invoices issued are generally payable within 90 days. If the contract were to be terminated, the Group has an enforceable right to cost plus a margin. The Group has applied the practical expedient not to recognise any financing element as the contracts are typically completed within one year and because of the payment terms. A single performance obligation is generally identified in contracts for branding services due to the high degree of integration of the various tasks forming a combined output that is transferred to the customer over time. Revenue is recognised over time based on input method as the branding services proposals are highly customised to the customer, have no alternative use for the Group and the Group generally has enforceable rights to payment for performance completed to date. The stage of completion is assessed by reference to the contract costs incurred to date in proportion to the total estimated contract costs of each contract.

ii. Provision of event execution and production service

Event execution and production services refer to organisation and implementation of marketing events to promote the brands, products and/or services of the customers. Specifically, event execution and production services refer to a variety of professional services including event planning, venue leasing, material procurement, on-site management and coordination in both offline scene activities such as literary events, programs, exhibitions, roadshows, press conferences and symposiums, and online scene activities such as online forums and social networking services platforms.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.5 Revenue recognition (Continued)

ii. Provision of event execution and production service (Continued)

The customer generally pays a non-refundable deposit upon entering the contract and will make the remaining payments by instalments during the provision of event execution and production services. Invoices issued are generally payable within 90 days. If the contract were to be terminated, the Group has an enforceable right to cost plus a margin. The Group has applied the practical expedient not to recognise any financing element as the contracts are typically completed within one year and because of the payment terms. A single performance obligation is generally identified in contracts for event execution and production services due to the high degree of integration of the various tasks forming a combined output that is transferred to the customer over time. However, where there are contracts with more than one service that are capable of being distinct and are distinct within the context of the contract, those services are accounted for as separate performance obligations, and revenue is allocated to each of the performance obligations based on relative stand-alone selling prices. The stand-alone selling price is estimated using expected cost plus a margin approach, factoring in expected costs of satisfying the performance obligations and add an appropriate margin for that services. Revenue is recognised over time based on input method as the marketing events are highly customised to the customer, have no alternative use for the Group and the Group generally has enforceable rights to payment for performance completed to date. The stage of completion is assessed by reference to the contract costs incurred to date in proportion to the total estimated contract costs of each contract.

iii. Provision of multimedia advertising services

Multimedia advertising services comprises traditional offline media advertising services and online media advertising services, through procurement of advertising resources from traditional offline media such as TV, radio and outdoor advertising space and online media such as websites, search engines, applications and social media platforms.

The customer generally pays service fee on monthly basis during the provision of advertising services. Invoices issued are generally payable within 90 days. The Group has applied the practical expedient not to recognise any financing element as the contracts are typically completed within one year and because of the payment terms. In most instance, promised services in a contract are not considered distinct or represent a series of services that are substantially the same with the same pattern of transfer to the customer and, as such, are accounted for as a single performance obligation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.5 Revenue recognition (Continued)

iii. Provision of multimedia advertising services (Continued)

The amount of revenue recognised depends on whether the Group act as an agent or as a principal. Certain arrangements with the customers are such that the Group is to arrange for a third party to provide a specified service to the customers. In these cases, the Group is acting as an agent as the Group do not control the relevant the service before it is transferred to the customers. When the Group act as an agent, the revenue recognised is the net amount of consideration to which the Group retains after paying the supplier in exchange for the services to be provided by that party. The Group acts as principal when the Group control the specified good or service prior to transfer, and the revenue recognised is the gross amount of consideration to which would be entitled. The Group does not obtain control of the services before it is being transferred to the customer, when the Group (i) is primarily responsible to arrange the services to be provided by third parties rather than fulfilling the promise; (ii) has not obtained or committed to obtain the service before obtaining a contract with a customer such that the Group did not have the ability to direct the use of the services provided by the supplier; and (iii) has no discretion in establishing the prices and selecting the supplier.

When the Group is a principal, revenue from provision of multimedia advertising services is recognised on a straight-line basis over the performance period for which the services are rendered as the customer simultaneously receives and consumes the benefits from the Group's performance as the Group performs, otherwise, revenue is recognised when the Group fulfilled the specific performance obligation under the finalised contract terms with customers.

iv. Provision of advertisement placement services

The Group provides advertisement placement services to the Group's advertisers. Media Partners also grant to the Group rebates in cash mainly based on the gross spending of the advertisers.

In these arrangements the Group (i) is merely responsible for helping advertisers or their agents to arrange the specified services to be transferred by the Media Partner; (ii) has no bearing for inventory risks because the Group does not have ownership of online media advertising resources provided by the Media Partner; and (iii) has no discretion in establishing the prices for the specified services to be provided by the Media Partner. The Group has no control on the specified service before that service is delivered to the advertisers and only act as the agent to help the advertisers or their agents to liaise with the Media Partner which will transfer the services to the advertisers or their agents. The online media platforms of the Media Partner are identified and determined by the advertisers or their agents and the Group has no ownership of the advertisement and has not acquired user traffic from the Media Partner. Instead, the Group helps to liaise with the Media Partner to arrange the advertisement placement on various media platforms of the Media Partner. Therefore, the Group recognises fee, commission or net amount of consideration retained after paying the other party the consideration received in exchange for those services provided by that party as revenue. Under these arrangements, the rebates earned from the Media Partners are recorded as revenue in the consolidated statement of profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.5 Revenue recognition (Continued)

iv. Provision of advertisement placement services (Continued)

The Group may offer rebates to customers as part of its incentive activities in some circumstances at its own discretion. When the Group has decided to offer such incentive rebates to its customers, the rebates offered are considered as variable considerations and hence recognised as a deduction of revenue for the period when the related promised services were transferred to the customers.

3.6 Leases

The Group as a lessee

All leases are capitalised in the statement of financial position as right-of-use assets and lease liabilities except for (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset are initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequent to the commencement date, the Group measures the lease liability by:

- i. increasing the carrying amount to reflect interest on the lease liability;
- ii. reducing the carrying amount to reflect the lease payments made; and
- iii. remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.6 Leases (Continued)

Lease liability (Continued)

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

3.7 Income tax

Income taxes for the year comprise current tax and deferred tax. Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences. Except for initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits and does not give rise to equal taxable and deductible temporary difference, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.8 Employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

3.9 Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- plant and equipment;
- right-of-use assets and
- intangible assets.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash generating unit).

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash generating unit to which it belongs, exceeds its recoverable amount. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

3.10 Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are complete. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results 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. The key sources of estimation uncertainty are as follows:

i. Useful lives of plant and equipment

The Group determines the estimated useful lives, and related depreciation charges for its plant and equipment. The estimates are based on the historical experience of the actual useful lives of plant and equipment of similar nature and functions. Management will increase the depreciation charges where useful lives are less than previously estimated useful lives. It will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in estimated useful lives and therefore affect the depreciation charges in future periods.

ii. Impairment of trade and other receivables

The impairment of trade and other receivables are based on assumptions about risk of default and expected credit loss rates. The Group adopts judgement in making these assumption and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at end of reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and impairment losses in the periods in which such estimate has been changed.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

iii. Income taxes and deferred tax

Significant judgement is required on the interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the unused tax losses and deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

iv. Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The calculation of the fair value less costs of disposal is based on such available data as binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

v. Determination of revenue recognition on gross or net basis

As disclosed in Note 3.5, the Group provides provision of advertisement placement services and multi media advertising services to its customers, which involve the assessment of revenue recognition on a gross or net basis, i.e. principal vs agent assessment. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including 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 and after 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024



5. REVENUE

Management has determined the operating segments based on the reports reviewed by chief executive officer. The chief executive officer, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the years ended 31 December 2024 and 2023, the Group is principally engaged in the provision of branding, advertising and marketing services and advertisement placement services in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the chief executive officer of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the years ended 31 December 2024 and 2023.

As at 31 December 2024 and 2023, all of the non-current assets were located in the PRC.

Information about major customers

None of revenue from external customers derived from provision of branding, advertising and marketing service and advertisement placement services contributing over 10% to the total revenue of the Group for the years ended 31 December 2024 and 2023.

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties.

The Group's revenue is mainly generated from the provision of branding, advertising and marketing service and advertisement placement services. An analysis of the Group's revenue by category for the years ended 31 December 2024 and 2023 were as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers		
Branding services	100,205	94,503
Event execution and production services	59,158	47,941
Online media advertising services	60,539	42,425
Advertisement placement services	50,928	34,078
Rebates from Media Partner	17,696	15,800
	288,526	234,747



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. REVENUE (Continued)

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
Services transferred over time	180,782	146,935
Services transferred at a point in time	107,744	87,812
	288,526	234,747

(a) Assets recognised from incremental costs to obtain a contract

During the years ended 31 December 2024 and 2023, there was no significant incremental costs to obtain a contract.

(b) Details of contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	2024 RMB'000	2023 RMB'000
Contract liabilities	6,122	1,873

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024



5. REVENUE (Continued)

(b) Details of contract liabilities (Continued)

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period is in relation to contract liabilities.

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
– Branding services	–	38
– Event execution and production services	–	589
– Online media advertising services	1,123	2,769
– Advertisement placement services	750	961
	1,873	4,357

6. OTHER INCOME AND OTHER LOSSES, NET

	2024 RMB'000	2023 RMB'000
Interest income	696	791
Sundry income	89	–
Government grants (<i>Note a</i>)	7,470	729
Input value-added tax surplus deduction (<i>Note b</i>)	–	3,805
Exchange gain/(loss)	664	(1,287)
	8,919	4,038

Notes:

- Government grants represented the financial support received from local government as an incentive for business development and there are no unfulfilled conditions attached to the government grants.
- For the year ended 31 December 2023, input value-added tax surplus deduction amounted to RMB3,805,000 was recognised in profit or loss due to the value-added tax reform. In accordance with value-added tax Reformation Article No.39, the Group is eligible for additional VAT credits by 10% of the current period creditable value-added tax input from 1 April 2019 to 31 December 2021. The implementation period was further extended to 31 December 2022 according to announcement No.11 by the State Administration of Taxation in 2022. In accordance with announcement No.1 by State Administration of Taxation in 2023, the Group was eligible for additional VAT credit of 5% for the period from 1 January 2023 to 31 December 2023 for creditable inputs. No new input credit policy has been introduced since 1 January 2024 and therefore the credit is no longer available from 1 January 2024 onwards.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

7. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on borrowings	4,741	2,017
Interest on lease liabilities (Note 16)	342	254
	5,083	2,271

8. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting) the following:

	2024 RMB'000	2023 RMB'000
Auditor's remuneration	1,000	780
Cost of services provided by suppliers	113,501	73,218
Amortisation of intangible assets (Note 15)	1,216	1,165
Depreciation of plant and equipment (Note 13)	5,618	4,842
Depreciation of right-of-use assets – Leased properties (Note 14)	798	833
Business development costs (Note (b))	20,436	22,617
(Reversal of)/provision for expected credit loss on financial and contract assets, net	(365)	7,435
Listing expenses	–	15,745
Short-term lease expenses	310	1,872
Staff costs (including directors' emoluments):		
Salaries and bonus	21,690	17,462
Pension costs, housing funds, medical insurances and other social insurances (Note (a))	4,009	3,213
	25,699	20,675

Notes:

- Pursuant to the relevant regulations of the PRC government, the Group participates in a central pension scheme operated by the local municipal government (the "Scheme"), whereby the subsidiaries in the PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries of the Company. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.
- Included in business development costs are salaries and bonus of RMB1,978,000 (2023: RMB2,307,000) and pension costs, housing funds, medical insurances and other social insurances of RMB239,000 (2023: RMB242,000), which amount is not included in staff costs disclosed separately above.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

9. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current tax		
Tax for the current year	19,494	12,580
Deferred tax		
Charged to profit or loss for the year (Note 25)	46	1,215
	19,540	13,795

Under the Law of the PRC on Enterprise Income Tax ("EIT") and Implementation Regulations of the EIT Law, the tax rate of the Company's PRC subsidiaries is 25%.

Provision for the EIT for the year then ended was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws, and regulations applicable to the subsidiaries operated in the PRC.

Huashi Zhonguang International Media (Wuhan) Company Limited, one of the subsidiaries of the Company, is entitled to a preferential income tax rate of 15% for the years ended 31 December 2024 and 2023, as it was awarded high-technology status by tax authority.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2024 and 2023.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

9. INCOME TAX EXPENSE (Continued)

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

	2024 RMB'000	2023 RMB'000
Profit before income tax expense	100,175	78,778
Tax calculated at a tax rate of 25%	25,044	19,695
Tax effects of different tax rates applicable to different subsidiaries of the Group	(7,939)	(5,462)
Tax effect of expenses not deductible for tax purposes	2,500	1,209
Effect attributable to the additional qualified tax deduction relating to business development cost	–	(2,839)
Tax effect of tax losses not recognised	–	43
Tax effect of other temporary differences recognised	46	1,215
Utilisation of tax losses previously not recognised	(111)	(66)
Income tax expense	19,540	13,795

10. DIVIDEND

No dividend was paid or declared by the Company during the years ended 31 December 2024 and 2023.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2024	2023
Profit for the year attributable to owners of the Company (RMB'000)	80,635	64,983
Weighted average number of shares in issue	770,650,000	663,458,219
Basic earnings per share (RMB cents)	10.46	9.79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

11. EARNINGS PER SHARE (Continued)

Note:

For the year ended 31 December 2023, the weighted average of 663,458,219 shares used in the calculation of the basic earnings per share for the year assumed the Capitalisation Issue in November 2023 (as detailed in note 27 (ii)) had occurred at the beginning of the year ended 31 December 2023.

Diluted earnings per share presented is the same as the basic earnings per share as there was no dilutive potential ordinary share outstanding during the year ended 31 December 2024 (2023: Same).

12. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Details of directors' emoluments during the years ended 31 December 2024 and 2023 are as follows:

	Fee RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	Pension costs, housing funds, medical insurances and other social insurances RMB'000	Total RMB'000
Year ended 31 December 2024					
<i>Executive Directors</i>					
Mr. Chen Jicheng	328	537	44	16	925
Ms. Wang Shujin	232	344	38	16	630
Mr. Zhang Bei	219	378	33	15	645
Ms. Xue Yuchun	219	359	45	15	638
<i>Independent non-executive directors</i>					
Dr. He Weifeng	66	—	—	—	66
Mr. How Sze Ming	110	—	—	—	110
Mr. Li Guangdou	66	—	—	—	66
Mr. Peng Litang	66	—	—	—	66
	1,306	1,618	160	62	3,146



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

12. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' emoluments (Continued)

	Fee RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	Pension costs, housing funds, medical insurances and other social insurances RMB'000	Total RMB'000
Year ended 31 December 2023					
<i>Executive Directors</i>					
Mr. Chen Jicheng	77	260	44	15	396
Ms. Wang Shujin	54	224	38	15	331
Ms. Xue Yuchun	51	185	32	15	283
Mr. Zhang Bei	51	180	45	15	291
<i>Independent non-executive directors</i>					
Dr. He Weifeng	15	—	—	—	15
Mr. How Sze Ming	26	—	—	—	26
Mr. Li Guangdou	15	—	—	—	15
Mr. Peng Litang	15	—	—	—	15
	304	849	159	60	1,372

Notes:

- The discretionary bonus was determined on a discretionary basis with reference to the Group's operating results, individual's performance and comparable market statistics.
- No directors received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2024 and 2023. No directors waived or agreed to waive any emoluments during the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

12. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) The five highest paid individuals

The five highest paid individuals of the Group during the years ended 31 December 2024 and 2023 are analysed as follows:

	2024 Number of individuals	2023 Number of individuals
Directors	4	4
Non-directors	1	1
	5	5

Details of the emoluments of the above non-directors, the highest paid individual during the years ended 31 December 2024 and 2023 are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and allowances	175	203
Pension costs, housing funds, medical insurances and other social insurances	8	14
Discretionary bonus	–	–
	183	217

The number of the highest paid non-directors fell within the following emoluments band:

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

No five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2024 and 2023.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

13. PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Broadcasting equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2023	10,559	7,301	3,556	7,351	–	28,767
Additions	–	–	1,233	2,633	–	3,866
At 31 December 2023 and 1 January 2024	10,559	7,301	4,789	9,984	–	32,633
Additions	5,970	564	175	20,000	11,000	37,709
At 31 December 2024	16,529	7,865	4,964	29,984	11,000	70,342
ACCUMULATED DEPRECIATION						
At 1 January 2023	5,175	2,655	2,049	930	–	10,809
Depreciation	1,892	694	651	1,605	–	4,842
At 31 December 2023 and 1 January 2024	7,067	3,349	2,700	2,535	–	15,651
Depreciation	2,475	723	530	1,890	–	5,618
At 31 December 2024	9,542	4,072	3,230	4,425	–	21,269
NET BOOK VALUE						
At 31 December 2024	6,987	3,793	1,734	25,559	11,000	49,073
At 31 December 2023	3,492	3,952	2,089	7,449	–	16,982

At 31 December 2024 and 2023, no plant and equipment was pledged.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

14. RIGHT-OF-USE ASSETS

	Leased properties RMB'000
At 1 January 2023	1,804
Effect of lease modification	2,412
Depreciation charge	(833)
At 31 December 2023 and 1 January 2024	3,383
Addition	3,504
Depreciation charge	(798)
At 31 December 2024	6,089

15. INTANGIBLE ASSETS

	Mobile application RMB'000
Cost	
At 1 January 2023, 31 December 2023 and 1 January 2024	5,824
Additions	50
At 31 December 2024	5,874
Accumulated amortisation	
At 1 January 2023	2,255
Amortisation	1,165
At 31 December 2023 and 1 January 2024	3,420
Amortisation	1,216
At 31 December 2024	4,636
Net Book Value	
At 31 December 2024	1,238
At 31 December 2023	2,404



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

16. LEASE LIABILITIES

	Leased properties RMB'000
At 1 January 2023	2,840
Effect of lease modification	2,412
Accretion of interest recognised during the year	254
Lease payments	(310)
Refund of lease payments	2,581
At 31 December 2023 and 1 January 2024	7,777
Addition	3,504
Accretion of interest recognised during the year	342
Lease payments	(1,783)
At 31 December 2024	9,840

Future lease payments are due as follows:

	As at 31 December 2024		
	Future lease payments RMB'000	Interest RMB'000	Present value RMB'000
Not later than one year	2,795	395	2,400
Later than one year and not later than two years	2,795	283	2,512
Later than two years and not later than five years	5,192	264	4,928
	10,782	942	9,840
	As at 31 December 2023		
	Future lease payments RMB'000	Interest RMB'000	Present value RMB'000
Not later than one year	1,471	322	1,149
Later than one year and not later than two years	1,547	267	1,280
Later than two years and not later than five years	5,803	455	5,348
	8,821	1,044	7,777

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

16. LEASE LIABILITIES (Continued)

	2024 RMB'000	2023 RMB'000
Current liabilities	2,400	1,149
Non-current liabilities	7,440	6,628
	9,840	7,777

The leases comprise only fixed lease payments over the lease term. Extension and/or termination options are included in a number of leases across the Group. These are included to provide the operational flexibility to align its need. Because the Group is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

17. CONTRACT ASSETS

	2024 RMB'000	2023 RMB'000
Contract assets arising from:		
– Providing services	–	1,075
Less: allowance for impairment loss on contract assets	–	(67)
	–	1,008

Typical payment terms which impact on the amount of contract assets recognised are as follows:

Revenue earned from the services is initially recognised as contract asset as the receipt of consideration are conditional. Upon completion of services and acceptance by the customer, the amounts become unconditional and are reclassified to trade receivables. All of the contract assets are expected to be recovered within one year.

Further details on the Group's credit policy and credit risk analysis on contract assets set out in note 33(b).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

18. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	217,717	259,426
Less: allowance for impairment loss on trade receivables	(14,481)	(16,115)
	203,236	243,311

As at 31 December 2024 and 2023, the trade receivables was denominated in RMB, and the fair value of trade receivables approximated its carrying amounts.

As at 31 December 2024 and 2023, the ageing analysis of the trade receivables based on due date were as follows:

	2024 RMB'000	2023 RMB'000
Not past due	200,152	227,939
Within 90 days	2,519	15,372
91–180 days	496	–
181–365 days	69	–
Over 1 year	–	–
	203,236	243,311

As at 31 December 2024 and 2023, the ageing analysis of the trade receivables based on invoice date were as follows:

	2024 RMB'000	2023 RMB'000
Within 90 days	200,152	227,939
91–180 days	2,519	15,372
181–365 days	565	–
Over 1 year	–	–
	203,236	243,311

Further details on the Group's credit policy and credit risk analysis on trade receivables are set out in note 33(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Other receivables	126,348	1,057
Deposits paid on behalf of customers	500	530
Deposits to supplier	–	5,992
Less: allowance for impairment loss on deposits and other receivables	(1,831)	(495)
	125,017	7,084
Prepayments for intangible assets	626	37,432
Prepayments for equipment	–	8,000
Other prepayments	33,744	133
	159,387	52,649
Less: prepayments classified under non-current assets	(626)	(45,432)
Amount classified under current assets	158,761	7,217

Further details on the Group's credit policy and credit risk analysis on deposits and other receivables are set out in note 33(b).

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balance with banks. RMB is not freely convertible to other currencies as such amounts were held by the subsidiaries located in the PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies only through banks that are authorised to conduct foreign exchange business.

Cash and cash equivalents that are denominated in currencies other than the functional currencies of the respective group entities are set out below:

	2024 RMB'000	2023 RMB'000
Hong Kong dollars ("HK\$")	9,210	70,704
United States dollars ("US\$")	–	338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

21. SUBSIDIARIES

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

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	At the date of this report	Principal activities and place of operation
Huashi International Group Limited (華視國際集團有限公司) ("Huashi International") (Note c)	24 February 2021, British Virgin Island	US dollars ("USD") 1 (2023: USD 1)	100%	Investment holding
Huashi Group Limited (華視傳媒集團有限公司) ("Huashi HK") (Note d)	16 March 2021, Hong Kong	HK dollars ("HKD") 50,000 (2023: HKD50,000)	100%	Investment holding
Huashi Zhongguang Brand Management (Hubei) Co., Ltd. (華視中廣品牌管理(湖北)有限公司) ("Huashi Brand Management") (Note d, e, g)	7 April 2021, PRC	RMB85,000,000 (2023: RMB5,000,000)	100%	Investment holding
Huashi Zhongguang International Media (Wuhan) Company Limited (華視中廣國際傳媒(武漢)有限責任公司) ("Huashi Media") (Note d, f)	23 February 2011, PRC	RMB100,000,000 (2023: RMB21,750,000)	100%	Provision of branding, advertising and marketing service in PRC
Dabieshan Cultural Industry Development (Macheng) Co., Ltd. (大別山文化產業發展(麻城)有限公司) ("Dabieshan Culture") (Note d, f)	7 April 2017, PRC	RMB5,000,000 (2023: RMB5,000,000)	100%	Provision of branding, advertising and marketing service in PRC
Huashi Chuangxiang Culture Media (Hubei) Co., Ltd. (華視創享文化傳媒(湖北)有限公司) ("Huashi Chuangxiang") (Note d, f)	26 December 2012, PRC	RMB5,000,000 (2023: RMB5,000,000)	100%	Provision of branding, advertising and marketing service in PRC
Wuhan Huayan Tiancheng Technology Co., Ltd (武漢華顏天成科技有限公司) (Note d, f)	7 December 2023	RMB20,000,000 (2023: RMB20,000,000)	100%	Provision of branding, advertising and marketing service in PRC

Notes:

- The English names of all subsidiaries established in the PRC are translated for identification purpose only.
- All companies comprising the Group have adopted 31 December as their financial year end date.
- The equity interest is directly held by the Company at the date of this report.
- The equity interest are indirectly held by the Company at the date of this report.
- The entity is established in the PRC in the form of wholly foreign-owned enterprise.
- The entities are established in the PRC in the form of domestic limited liability company.
- The entity is established in the PRC in the form of domestic limited liability company. Pursuant to the Group Reorganisation, the entity became a sino-foreign owned enterprise on 25 March 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024



22. TRADE PAYABLES

As at 31 December 2024 and 2023, the ageing analysis of the trade payables based on services received were as follows:

	2024 RMB'000	2023 RMB'000
Within 30 days	20,485	79,265
31–60 days	3,127	2,688
61–90 days	2,703	1,079
Over 90 days	3,266	1,867
	29,581	84,899

23. ACCRUALS AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Accruals and other payables	3,455	780
Deposits due to customers	1,345	835
Other tax payables	2,148	1,752
Salaries payables	5,287	4,453
	12,235	7,820

24. BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank and other loans – guaranteed (Note i)	107,920	108,940
Bank loans – secured and guaranteed (Note ii)	–	10,000
	107,920	118,940



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

24. BORROWINGS (Continued)

	2024 RMB'000	2023 RMB'000
Carrying amounts repayable (based on the scheduled repayment dates set out in loan agreements):		
– Within 1 year	93,920	107,950
– More than 1 year, but not exceeding 2 years	14,000	10,990
	107,920	118,940
Less: Portion due on demand or within one year under current liabilities	(93,920)	(107,950)
Portion due over one year under non-current liabilities	14,000	10,990

Notes:

- (i) As at 31 December 2024, all the bank borrowings were guaranteed by a controlling shareholder of the Group and subsidiaries of the Group.
- (ii) As at 31 December 2023, a loan amounted to RMB10,000,000 was secured by the equity of the subsidiary owned by the Controlling Company, personal properties owned by a Controlling Shareholder and two related persons and guaranteed by a Controlling Shareholder and subsidiaries of the Group. The loan was fully repaid during the year ended 31 December 2024.
- (iii) The weighted-average effective interest rate of the borrowings was 4.50% and 4.01% per annum as at 31 December 2024 and 2023 respectively.
- (iv) As at 31 December 2024 and 2023, banking facilities of the Group totalling RMB120.0 million and RMB121.0 million respectively. They were utilised to the extent of RMB107.9 million and RMB119.0 million respectively.
- (v) For the year ended 31 December 2023, certain bank loan facilities of the Group are subject to the fulfilment of certain covenants on asset-liability ratios of the relevant group entities, as are commonly found in lending arrangements with financial institutions. If the relevant group entities were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2023, none of the covenants relating to drawn down facilities had been breached. Such bank loan facilities were fully repaid during the year ended 31 December 2024. Further details of the Group's management of liquidity risk are set out in note 33(c). None of the bank and other loans of the Group as at 31 December 2024 are subject to covenants or repayment on demand clause.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024



25. DEFERRED TAX

Details of the deferred tax assets and liabilities recognised and movements during the year ended 31 December 2024 and 2023 is as follows:

Deferred tax assets

	Lease liabilities RMB'000	Impairment loss on financial and contract assets RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2023	451	1,384	83	1,918
(Charged)/Credited to profit or loss for the year	716	1,129	(14)	1,831
At 31 December 2023 and 1 January 2024	1,167	2,513	69	3,749
(Charged)/Credited to profit or loss for the year	630	(66)	128	692
At 31 December 2024	1,797	2,447	197	4,441

Deferred tax liabilities

	Right-of-use assets RMB'000	Withholding tax of undistributed profits RMB'000	Total RMB'000
At 1 January 2023	269	4,409	4,678
Charged to profit or loss for the year	238	2,808	3,046
At 31 December 2023 and 1 January 2024	507	7,217	7,724
Charged to profit or loss for the year	738	—	738
At 31 December 2024	1,245	7,217	8,462



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

25. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

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

As at 31 December 2024 and 2023, the Group had unused tax losses of approximately RMB880,000 and RMB1,324,000 respectively, available to offset against future profit. No deferred tax asset has been recognised in respect of those tax losses as it is not probable that taxable profit will be available against which the unused tax losses can be utilised.

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

	2024 RMB'000	2023 RMB'000
Deferred tax assets	3,231	3,242
Deferred tax liabilities	(7,252)	(7,217)
	(4,021)	(3,975)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	37,943	2,840	40,783
Changes from financing cash flows:			
Proceeds from borrowings	128,950	–	128,950
Repayment of borrowings	(47,953)	–	(47,953)
Payment of loan interests	(2,017)	–	(2,017)
Lease payments	–	(310)	(310)
Refund of lease payments	–	2,581	2,581
	78,980	2,271	81,251
Other changes:			
Interest expenses	2,017	254	2,271
Effect of lease modification	–	2,412	2,412
At 31 December 2023 and 1 January 2024	118,940	7,777	126,717
Changes from financing cash flows:			
Proceeds from borrowings	97,000	–	97,000
Repayment of borrowings	(108,020)	–	(108,020)
Payment of loan interests	(4,741)	–	(4,741)
Lease payment	–	(1,783)	(1,783)
	(15,761)	(1,783)	(17,544)
Other changes:			
Interest expenses	4,741	342	5,083
Increase in lease liabilities from entering into new leases during the year	–	3,504	3,504
At 31 December 2024	107,920	9,840	117,760

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

27. SHARE CAPITAL AND RESERVES

(a) Share capital

	Number	Amount US\$'000	Amount RMB'000
Authorised			
Ordinary shares of US\$0.05 each			
At 1 January 2023	1,000,000	50	322
Increase in authorised share capital (<i>Note (i)</i>)	999,000,000	49,950	358,533
At 31 December 2023, 1 January 2024 and 31 December 2024	1,000,000,000	50,000	358,855
Issued and fully paid			
Ordinary shares of US\$0.05 each			
At 1 January 2023	1,000,000	50	322
Issue of shares upon listing (<i>note (ii)</i>)	125,000,000	6,250	44,857
Issue of shares under Capitalisation Issue (<i>note (ii)</i>)	644,650,000	32,233	231,336
At 31 December 2023, 1 January 2024 and 31 December 2024	770,650,000	38,533	276,515

Notes:

- (i) On 9 October 2023, an ordinary resolution of the Company was passed, pursuant to which the authorised share capital of the Company was increased from RMB322,000 (equivalent to approximately US\$50,000) to RMB358,855,000 (equivalent to approximately US\$50,000,000) by the creation of additional 999,000,000 shares of US\$0.05 each.
- (ii) In connection with the Company's issue of new shares upon listing, the Company allotted and issued 125,000,000 shares of US\$0.05 each at a price of HK\$1.04 per share on 10 November 2023. The gross proceeds from issuance of new shares of approximately RMB119,556,000 (equivalent to approximately US\$16,658,000) of which approximately RMB44,857,000 (equivalent to approximately US\$6,250,000) was credited to the Company's share capital, and the remaining balance of approximately RMB74,699,000 (equivalent to approximately US\$10,408,000) before deduction of share issuance expenses, was credited to capital reserves. The capital reserves can be used for deduction of share issuance expenses. After the capital reserves of the Company being credited as a result of the issue of new shares upon Listing, RMB231,336,000 (equivalent to approximately US\$32,233,000) was capitalised from the capital reserves and applied in paying up in full at par 644,650,000 new shares for allotment and issue to shareholders whose names appear on the register of members of the Company at the close of business on 10 November 2023 in proportion to their respective shareholdings ("**Capitalisation Issue**").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

27. SHARE CAPITAL AND RESERVES (Continued)

(b) Reserves

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity on page 128 of this report.

The Company

	Capital reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2023	965	–	965
Loss for the year	–	(16,645)	(16,645)
Issue of shares upon listing	74,699	–	74,699
Issue of shares under Capitalisation Issue	(231,336)	–	(231,336)
Expenses attributed to issue of new shares upon listing	(16,058)	–	(16,058)
Balance at 31 December 2023 and 1 January 2024	(171,730)	(16,645)	(188,375)
Loss for the year	–	(3,340)	(3,340)
Balance at 31 December 2024	(171,730)	(19,985)	(191,715)

Capital reserves represented the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries upon completion of the Reorganisation; and the excess of the proceeds received over the nominal value of shares of the Company issued, less expense incurred in connection with the issue.

Statutory reserves represented the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China ("PRC") (based on the subsidiaries' PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserves reach 50% of the registered capital of the subsidiaries. The statutory reserves cannot be reduced except either in setting off the accumulated losses or increasing capital.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

28. RELATED PARTIES TRANSACTIONS

The key management personnel are the Directors and the five highest paid individuals of the Company. The details of the emoluments paid to them are set out in note 12.

Except as disclosed above, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

29. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy-back as well as the issue of new debts or redemption of existing debt, if necessary.

The Group monitors capital using the debt/asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at 31 December 2024 and 2023 were as follows:

	2024 RMB'000	2023 RMB'000
Total assets	522,652	494,002
Total liabilities	179,408	231,393
Debt/asset ratio	34.3%	46.8%

30. CAPITAL COMMITMENTS

As at 31 December 2024 and 2023, capital commitments not provided for in the consolidated financial statements were as follows:

	2024 RMB'000	2023 RMB'000
Capital expenditure of the Group contracted for but not provided in respect of:		
– acquisition of intangible assets	–	49,196
– acquisition of equipment	4,000	12,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment in a subsidiary		—*	—*
Amount due from a subsidiary		86,728	55,523
		86,728	55,523
Current assets			
Cash and cash equivalents		1,690	35,700
		1,690	35,700
Current liabilities			
Accruals and other payables		1,162	627
Amount due to a subsidiary		2,456	2,456
		3,618	3,083
Net current (liabilities)/assets		(1,928)	32,617
Net assets		84,800	88,140
EQUITY			
Capital and reserves			
Share capital	27	276,515	276,515
Reserves	27	(191,715)	(188,375)
Total equity		84,800	88,140

* The amount is less than RMB1,000

On behalf of the board of directors

Chen Jicheng
Director

Xue Yuchun
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

32. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of financial assets and liabilities:

	2024 RMB'000	2023 RMB'000
Financial assets		
<i>Financial assets at amortised cost</i>		
Trade and deposits and other receivables	328,253	250,395
Cash and cash equivalents	100,398	171,023
Contract assets	—	1,008
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Trade payables	29,581	84,899
Accruals and other payables, excluding other tax and salaries payables	4,800	1,615
Borrowings	107,920	118,940
Lease liabilities	9,840	7,777

33. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include interest rate risk, credit risk, liquidity risk and currency risk.

Details of these financial instruments are disclosed in the notes below. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The directors meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks in timely and effective manner. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

(a) Interest rate risk

The Group's fair value interest-rate risk mainly arises from borrowings and lease liabilities as disclosed in note 24 and note 16. Borrowings and lease liabilities were issued at fixed rates which expose the Group to fair value interest-rate risk. The Group has no cash flow interest-rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The interest rates and terms of repayment of the Group's borrowings and lease liabilities are disclosed in note 24 and note 16.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The Group is exposed to credit risk in relation to its contract assets, trade receivables, deposits and other receivables and cash deposits at banks. The carrying amounts of these assets represent the Group's maximum exposure to credit risk.

Cash deposits with banks are normally placed at financial institutions that have sound credit rating and the Group considers the credit risk to be insignificant. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In order to minimise the credit risk, the Group adopts prudent credit control procedures, regularly monitor settlement of trade and deposits and other receivables and other monitoring procedures to ensure that follow-up action are taken to recover overdue debts. The credit period granted to customers and other debtors are generally determined with reference to, among others, the financial position, credit record, duration of business relationship and where applicable, the types of services the Group provide. Credit and payment terms may vary for different customers, debtors and projects.

As at 31 December 2024 and 2023, the Group had certain concentrations of credit risk as 16.8% and 12.4%, of the Group's trade receivables were due from the Group's largest customer respectively, and 46.0% and 35.8%, of the Group's trade receivables were due from the Group's five largest customers respectively. In order to minimise the credit risk, the Group continuously monitor the level of exposure by frequent review of credit quality of customers to ensure that prompt actions will be taken to lower the exposure.

As at 31 December 2024 and 2023, the Group applies the simplified approach to provide for expected losses on contract assets and trade receivables as prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision. The Group applies the general approach to provide for expected credit losses on other financial assets as prescribed by HKFRS 9, which was measured either as 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

(i) Contract assets

As at 31 December 2024 and 2023, the loss allowance provision for contract assets was determined as follows. The expected credit losses below also incorporated forward looking information.

	2024	2023
Expected loss rate	—	6.2%
Gross carrying amount (RMB'000)		
– Not past due	—	1,075
Loss allowance provision (RMB'000)	—	67

(ii) Trade receivables

As at 31 December 2024 and 2023, the loss allowance provision for trade receivables and rebates from Media Partner was determined as follows. The expected credit losses below also incorporated forward looking information.

Trade receivables

	Not past due	Within 90 days	91 to 180 days	181 to 365 days	Over 1 year	Total
At 31 December 2024						
Expected loss rate	6.09%	6.09%	—	—	100.0%	
Gross carrying amount (RMB'000)	213,132	2,682	—	—	72	215,886
Loss allowance provision (RMB'000)	12,980	163	—	—	72	13,215
At 31 December 2023						
Expected loss rate	6.2%	6.2%	100.0%	100.0%	100.0%	
Gross carrying amount (RMB'000)	235,251	16,388	356	18	55	252,068
Loss allowance provision (RMB'000)	14,582	1,016	356	18	55	16,027

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024



33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

(ii) Trade receivables (Continued)

Rebates from Media Partner

	Not past due	Within 90 days	91 to 180 days	181 to 365 days	Over 1 year	Total
At 31 December 2024						
Expected loss rate	-	-	56.2%	90.1%	-	
Gross carrying amount (RMB'000)	-	-	1,131	700	-	1,831
Loss allowance provision (RMB'000)	-	-	635	631	-	1,266
At 31 December 2023						
Expected loss rate	1.2 %	-	-	-	-	
Gross carrying amount (RMB'000)	7,358	-	-	-	-	7,358
Loss allowance provision (RMB'000)	88	-	-	-	-	88

Expected loss rate are based on actual loss experience over the past 3 years. These rates are adjusted to reflected 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 receivables.

(iii) Deposit and other receivables

As at 31 December 2024 and 2023, the loss allowance provision for deposits and other receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

	2024	2023
Expected loss rate	1.4%	6.5%
Gross carrying amount (RMB'000)	126,848	7,579
Loss allowance provision (RMB'000)	1,831	495

As at 31 December 2024, included in deposits and other receivables amounting to approximately RMB122.0 million (2023: Nil) represented receivables from suppliers due to cancellation of contracts which are not yet past due and subsequently received in full after the end of the reporting period.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the differences between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

(iv) Other financial assets at amortised cost

Cash and cash equivalents is subjected to the impairment requirements of HKFRS 9. The identified impairment loss was immaterial since they are placed at financial institutions with good credit rating.

The following tables show reconciliation of loss allowances that has been recognised for contract assets applying simplified approach.

	Lifetime expected credit losses RMB'000	Total RMB'000
At 1 January 2023	184	184
Reversal of provision during the year	(117)	(117)
At 31 December 2023 and 1 January 2024	67	67
Reversal of provision during the year	(67)	(67)
At 31 December 2024	–	–

The following table shows the movement in lifetime expected credit losses that has been recognised for trade receivables applying simplified approach.

	Lifetime expected credit losses RMB'000	Total RMB'000
At 1 January 2023	8,154	8,154
Impairment losses recognised, net	7,961	7,961
At 31 December 2023 and 1 January 2024	16,115	16,115
Reversal of provision during the year	(1,634)	(1,634)
At 31 December 2024	14,481	14,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

(iv) Other financial assets at amortised cost (Continued)

The following tables shows reconciliation of loss allowances that has been recognised for deposits and other receivables.

	Stage 1 12-month expected credit losses RMB'000	Stage 2 Lifetime expected credit losses – not credit impaired RMB'000	Stage 3 Lifetime expected credit losses – credit- impaired RMB'000	Total RMB'000
At 1 January 2023	904	–	–	904
– Reversal of provision during the year	(409)	–	–	(409)
At 31 December 2023 and 1 January 2024	495	–	–	495
– Impairment losses recognised, net	1,336	–	–	1,336
At 31 December 2024	1,831	–	–	1,831

As at 31 December 2024 and 2023, the total gross carrying amount of contract assets, trade receivables, deposits and other receivables was RMB344,565,000 and RMB268,080,000 respectively, thus the maximum exposure to loss was RMB328,253,000 and RMB251,403,000 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities as well as regularly monitors compliance with lending covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of each reporting period.

	Carrying amount RMB'000	Total contractual undiscounted cash flows RMB'000	Within one 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
As at 31 December 2024						
Trade payables	29,581	29,581	29,581	-	-	-
Accruals and other payables	4,800	4,800	4,800	-	-	-
Borrowings	107,920	110,221	95,457	14,764	-	-
Lease liabilities	9,840	10,782	2,795	2,795	5,192	-
	152,141	155,384	132,633	17,559	5,192	-
As at 31 December 2023						
Trade payables	84,899	84,899	84,899	-	-	-
Accruals and other payables	1,615	1,615	1,615	-	-	-
Borrowings	118,940	122,149	110,755	11,394	-	-
Lease liabilities	7,777	8,821	1,471	1,547	5,803	-
	213,231	217,484	198,740	12,941	5,803	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024



33. FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk

The Group's businesses are principally conducted in RMB, except that receipts of proceeds from listing on the Main Board of the Stock Exchange and accrued listing expense are in other currency. As at 31 December 2024, major non-RMB assets are cash and cash equivalents of RMB9,210,000 (2023: RMB 70,704,000) and RMBNil (2023: RMB 338,000) denominated in HK\$ and US\$ respectively. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations.

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the year is as follows:

	2024 RMB'000	2023 RMB'000
5% increase in RMB against HK\$	461	3,535
5% decrease in RMB against HK\$	(461)	(3,535)
5% increase in RMB against US\$	—	17
5% decrease in RMB against US\$	—	(17)

34. FAIR VALUE MEASUREMENT

Financial instruments not measured at fair value

Financial instruments not measured at fair value mainly include deposits and bank balances, trade receivables, deposits and other receivables, trade payables, accruals and other payables and borrowings.

Due to their short term nature, the carrying values of these financial instruments approximates fair values. The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2024 and 2023.

35. EVENTS AFTER THE END OF REPORTING PERIOD

The Group has no significant events took place after reporting period that needs to be disclosed.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2024 were approved and authorised for issue by the Board of Directors on 27 March 2025.



DEFINITIONS

"advertiser(s)"	a person, a company or an organisation that advertises their brands, products and services
"AGM"	the annual general meeting of the Company to be held at 9:00 a.m. on Friday, 27 June 2025 or any adjournment thereof
"AI"	artificial intelligence
"Articles" or "Articles of Association"	the articles of association of our Company (as amended, supplemented or otherwise modified from time to time)
"Auditor" or "auditor"	BDO Limited, the auditor of the Company
"Audit Committee"	the audit committee of the Board
"Board"	our board of Directors
"Chairman"	Mr. Chen Jicheng (陳繼承先生), our chairman of the Board
"Chief Executive Officer"	has the meaning ascribed to it under the Listing Rules
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Act"	the Companies Act (as revised) of the Cayman Islands (Law 3 of 1961, Chapter 22) (as consolidated and amended from time to time)
"Company" or "our Company"	Huashi Group Holdings Limited (华视集团控股有限公司)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules, and refer to Mr. Chen Jicheng and JiaYi Culture
"Corporate Governance Code"	the provisions set out under "Corporate Governance Code" in Appendix C1 to the Listing Rules
"CTR"	CTR Market Research CO. Ltd. (央視市場研究股份有限公司), a market research and media analysis company based in the PRC
"Dabieshan Culture"	Dabieshan Culture Industry Development (Macheng) Co., Ltd. (大別山文化產業發展(麻城)有限公司), a company established in the PRC with limited liability on 7 April 2017 and an indirect wholly-owned subsidiary of our Company



DEFINITIONS

"Deed of Non-competition"	the deed of non-competition executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries)
"Director(s)"	the director(s) of the Company
"FY2023"	for the year ended 31 December 2023
"FY2024"	for the year ended 31 December 2024
"Global Offering"	the Hong Kong Public Offer and the International Placing as defined and set out in the Prospectus
"Group" or "we"	our Company and all of our subsidiaries
"HKFRSs"	Hong Kong Financial Reporting Standards, as issued by the HKICPA
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK\$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Huashi Chuangxiang"	Huashi Chuangxiang Culture Media (Hubei) Co., Ltd. (華視創享文化傳媒(湖北)有限公司), a company established in the PRC with limited liability on 26 December 2012 and an indirect wholly-owned subsidiary of our Company
"Huashi Media"	Huashi Zhongguang International Media (Wuhan) Co., Ltd. (華視中廣國際傳媒(武漢)有限責任公司), a company established in the PRC with limited liability on 23 February 2011 and an indirect wholly-owned subsidiary of our Company
"Huayan Tiancheng"	Wuhan Huayan Tiancheng Technology Co., Ltd. (武漢華顏天成科技有限公司), a company established on 7 December 2023 in the PRC with limited liability, and an indirect wholly-owned subsidiary of our Company
"Independent Third Parties"	persons or companies and their respective ultimate beneficial owners, who/ which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, are independent of our Company and our connected persons
"Listing"	the listing of the Shares on the Stock Exchange
"Listing Date"	the date (i.e. 10 November 2023) on which the shares of the Company were listed and dealings in the Shares first commenced on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Low-altitude Economy"	A new integrated economic form centered on low-altitude flight activities



DEFINITIONS

"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company (as amended, supplemented or otherwise modified from time to time)
"Nomination Committee"	the nomination committee of the Board
"PRC"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated 31 October 2023
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	for the year ended 31 December 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with nominal value of US\$0.05 each in the share capital of our Company
"Share Option Scheme"	the share option scheme adopted by the Company on 9 October 2023
"Shareholder(s)"	holder(s) of the share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)" or "substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"USD" or "US\$"	United States dollars, the lawful currency of the United States
"Wuyuan Fujie"	Beijing Wuyuan Fujie International Advertising Co., Ltd. (北京無遠弗屆國際廣告有限公司), a company established in the PRC with limited liability on 5 February 2018 and an indirect wholly-owned subsidiary of our Company
"%"	per cent.