七牛云

Qiniu Limited
七牛智能科技有限公司

(Incorporated in the British Virgin Islands and
re-domiciled and continued in the Cayman Islands with limited liability)

Stock Code: 2567

2024
ANNUAL REPORT

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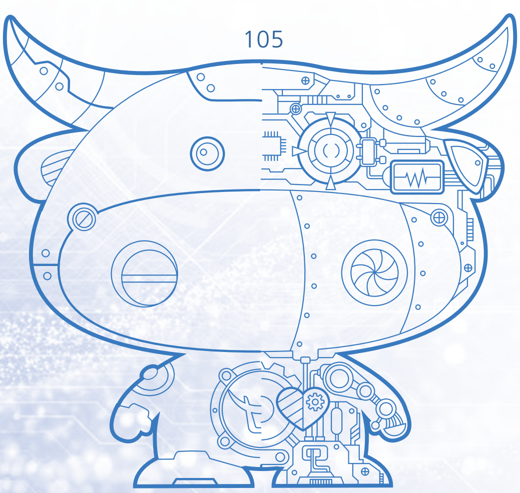

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xu Shiwei *(Chairman and Chief Executive Officer)*
Ms. Chen Yiling *(Chief Operating Officer)*

Non-executive Director

Mr. Lyu Guihua

Independent Non-executive Directors

Mr. Wei Shaojun
Dr. Shi Qing
Mr. Zhou Zheng

AUDIT COMMITTEE

Mr. Zhou Zheng *(Chairman)*
Dr. Shi Qing
Mr. Wei Shaojun

REMUNERATION COMMITTEE

Dr. Shi Qing *(Chairman)*
Mr. Xu Shiwei
Mr. Wei Shaojun
Mr. Zhou Zheng

NOMINATION COMMITTEE

Mr. Xu Shiwei *(Chairman)*
Mr. Wei Shaojun
Dr. Shi Qing
Mr. Zhou Zheng

AUTHORIZED REPRESENTATIVES PURSUANT TO RULE 3.05 OF THE LISTING RULES

Mr. Xu Shiwei
Ms. Ho Sin Tung (appointed on January 20, 2025)
Ms. Tam Sze Wai Sara (resigned on January 20, 2025)

JOINT COMPANY SECRETARIES

Mr. Zhang Yuanhao
Ms. Ho Sin Tung (appointed on January 20, 2025)
Ms. Tam Sze Wai Sara (resigned on January 20, 2025)

LEGAL ADVISOR

As to Hong Kong laws
Jia Yuan Law Office
Suites 3502-3503, 35/F
One Exchange Square
8 Connaught Place
Hong Kong

AUDITOR

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

COMPLIANCE ADVISOR

Shenwan Hongyuan Capital (H.K.) Limited
Level 6, Three Pacific Place
1 Queen's Road East, Hong Kong

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

HEADQUARTERS

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Shanghai, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKS

Shanghai Pudong Development Bank, Yangpu Branch
1296 Xuchang Road
Yangpu District
Shanghai, PRC

China Merchants Bank Co., Ltd., Shanghai Branch
Changle Sub-branch
801 Changle Road
Xuhui District
Shanghai, PRC

Bank of China, Shanghai, Pudong Branch
838 Zhang Yang Road
Pudong New District
Shanghai, PRC

CITIC Bank Shanghai Branch
Shanghai City East Sub-branch
No.136 Siping Rd
F block
Shanghai, PRC

STOCK CODE

2567

COMPANY WEBSITE

www.qiniu.ltd

FINANCIAL HIGHLIGHTS

	Year ended December 31,		
	2024	2023	Year-on-year change
	(RMB in millions, except percentage)		
Revenue	**1,437.0**	1,334.0	7.7%
Gross profit	**283.8**	280.2	1.3%
Profit/(Loss) before income tax	**(459.3)**	(324.1)	41.7%
Profit/(Loss) for the year	**(459.4)**	(324.1)	41.7%
Adjusted net profit/(loss)	**(127.0)**	(115.6)	9.9%

	Year ended December 31,				
	2024	2023	2022	2021	2020
	(RMB in millions)				
Revenue	**1,437.0**	1,334.0	1,147.3	1,471.0	1,089.2
Gross profit	**283.8**	280.2	228.6	291.2	236.7
Profit/(Loss) before income tax	**(459.3)**	(324.1)	(212.8)	(219.7)	99.4
Profit/(Loss) for the year	**(459.4)**	(324.1)	(212.8)	(219.7)	99.4
Adjusted net profit/(loss)	**(127.0)**	(115.6)	(118.7)	(105.7)	(20.3)

	Year ended December 31,				
	2024	2023	2022	2021	2020
	(RMB in thousands)				
Non-current assets	**203,633**	237,806	350,792	396,277	242,590
Current assets	**998,667**	621,974	553,290	688,776	750,521
Current liabilities	**752,196**	3,872,333	3,569,959	3,290,190	3,059,894
Non-current liabilities	**14,625**	2,845	10,301	33,216	25,356
Total equity attributable to owners of the parent/ (deficiency in equity)	**435,479**	(3,015,398)	(2,676,178)	(2,238,353)	(2,092,139)

CHAIRMAN'S STATEMENT

2024 was a year of historical significance for the Company, when we were successfully listed on the Main Board of the Stock Exchange. On behalf of the Board of Directors, I am pleased to present this annual report and report the Group's annual results for the year ended December 31, 2024. This is our first annual report since we were listed on the Stock Exchange.

BUSINESS REVIEW AND OUTLOOK

In order to continue to consolidate Qiniu's technological reserves and leading position in the field of artificial intelligence ("**AI**") and arithmetic, we have formulated a series of well-thought-out strategies and action plans. Firstly, the Company will continue to increase our investment in R&D and actively recruit industry-leading AI experts and data scientists, with the aim of promoting innovation and breakthroughs in key technologies such as machine learning, deep learning and natural language processing. In addition, we plan to establish long-term partnerships with renowned domestic and foreign universities and research institutes to work together on the research and development of cutting-edge technologies to ensure that Qiniu's technological strength remains at the forefront of the industry.

In terms of accelerating the development of overseas international stations, the Company has embarked on a number of key projects to facilitate the acceleration of the commercialization process. Following the successful establishment of nodes in Hong Kong, Singapore, Vietnam, Malaysia and the United States in 2023, we have added new nodes in Thailand, Japan and Brazil in 2024, aiming to provide even better services to customers around the world. At the same time, we have launched a brand new international website, with in-depth optimisation of the user interface and experience to meet the specific needs of users in different regions. Through these strategic measures, we expect to further expand our market share and enhance our brand awareness in the international market.

In order to broaden the application landscape of aPaaS (application platform as a service) services, the Company is committed to expanding its sales network and improving the sales team's coverage of traditional customer groups. We have conducted systematic professional training for our sales team to ensure that they can more accurately grasp the needs of customers in different industries and provide tailor-made solutions. At the same time, we are constantly enriching the functionality of the aPaaS platform to meet the application needs of the financial, education, and healthcare industry sectors. Through these unremitting efforts, we are confident to provide more flexible and efficient services to our customers.

Audiovisual Cloud (MPaaS and APaaS)

In 2024, the Company's decision makers decided to accelerate the pace of construction of overseas international stations with a view to further enhancing our commercialization. In 2023, we have successfully established a number of key nodes in Hong Kong, Singapore, Vietnam, Malaysia and the United States, which play a crucial role in global market connectivity and business expansion. To further consolidate and expand our global strategy, we have added new key nodes in Thailand, Japan and Brazil in FY2024. The establishment of these new locations will significantly expand the scope of our services to more comprehensively meet the needs of our customers in different regions.

In order to enhance the experience of overseas users, we have launched a newly designed international website. The website has been optimized in terms of interface design and functionality to ensure that users can enjoy a more efficient and smooth service experience. We have paid special attention to the localization strategy of the website to ensure that the content and functions of the website can be fully adapted to the usage habits of users in different regions. For example, in terms of multi-language support, we provide not only Chinese and English, but also different language options including Japanese and Korean to better serve various users. In addition, we have enhanced the security of our website to ensure that the security and privacy of user information is maximized.

In terms of product development, we plan to expand our aPaaS service offering in 2025 to enhance our sales team's ability to serve traditional customers. The aPaaS platform will provide a more flexible and powerful set of tools that will enable our sales team to more efficiently manage customer relationships and improve sales performance. We are confident that by introducing the platform, we will be able to more accurately fulfill the needs of our traditional customers while attracting the attention of new customers.

In addition, in order to enhance our competitiveness in the field of marketing, we plan to integrate AI technology to improve the application of digital human resources in the field of marketing, and AI Agent digital marketing will become one of our key development directions. With advanced AI technology, our digital agents will be able to analyze market trends more intelligently, provide customized marketing strategies, and perform specific marketing tasks independently. For example, the AI Agent can monitor the behavioral patterns of social media users in real time, identify potential marketing opportunities, and automatically formulate marketing strategies accordingly. This not only enhances the efficiency of marketing activities, but also significantly reduces labor costs. We believe that by doing so, we will be able to provide our customers with more accurate and efficient marketing solutions.

AI and Computing Power

Since Qiniu's audiovisual cloud was launched, AI technology has become its indispensable core competitiveness. Over the past few years, the Company has always been committed to providing high-quality audiovisual intelligent encoding and decoding services as well as a series of mature machine vision solutions to meet customer needs. In 2024, with the rapid development of AI technology, its penetration rate has accelerated significantly. Qiniu's audiovisual cloud has also responded to the market changes by significantly increasing its R&D investment in AI and computing power. This move aims to further solidify Qiniu's leading position in related technologies and provide more sophisticated and comprehensive services to customers. To date, Qiniu has successfully launched a series of R&D achievements related to AI and computing power, as follows:

– **AI Big Language Model Reasoning Service**: Qiniu has kept up with the cutting-edge development of AI technology, and has fully supported the mainstream open-source big models, such as DeepSeek-R1 and Qwen2.5. In addition, we have also integrated a number of audio-visual graphic processing functions, such as Optical Character Recognition (OCR), Automatic Speech Recognition (ASR), Text-To-Speech (TTS), Multimedia Object storage (Object storage), and Input-output (RTC fast live). The integration of these functions greatly broadens the application scope of Qiniu's AI services, realizing the full process coverage from content generation to content distribution, thus enriching the application scenarios of audiovisual cloud services.

– **AI Agent**: Qiniu has increased its R&D efforts on AI Agent, especially in the areas of digital human marketing and intelligent customer service. By deeply integrating AI Agent with Qiniu's intelligent digital human technology, enterprises can realize the seamless connection between video marketing and intelligent customer service, and build a dedicated intelligent marketing system. The Digital Human Marketing AI Agent can provide enterprises with more personalized and interactive marketing solutions, while the Intelligent Customer Service AI Agent significantly improves the efficiency and quality of customer service, effectively creates a digital workforce, and further significantly improves the operational and maintenance efficiency of enterprises.

– **Go+ Language**: Qiniu has made a major breakthrough in the field of programming language and successfully launched Go+ language. The Go+ language not only supports the import of C and Python libraries, but also realizes the organic combination of engineering and data science. The launch of Go+ language provides developers with the possibility to carry out highly efficient engineering development and AI algorithm writing, which greatly improves the development efficiency and the maintainability of the project.

Qiniu's audiovisual cloud is confident in the future development of AI technology and plans to launch more innovative products in 2025. These products will be based on the latest AI research findings and will be dedicated to solving the current challenges in audio and video processing and providing users with an unprecedented service experience. Although specific details have yet to be announced, it is expected that these upcoming products will revolutionize the application of AI technology.

Through these initiatives, Qiniu's audiovisual cloud not only consolidates its technological leadership in the AI field, but also provides users with richer and more efficient services, and promotes the technological advancement of the entire audiovisual cloud service industry.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

In promoting Environmental, Social and Governance (ESG), we are committed to achieving sustainable development and enhancing stakeholder trust through responsible business practices and increased transparency. We have recognized that good ESG performance not only helps protect the environment and promote social well-being, but also brings long-term economic value to our Company. Therefore, we continue to optimize our internal management to ensure that ESG principles are implemented in our supply chain, product lifecycle and corporate operations. Looking ahead, we will continue to innovate in the area of ESG and contribute to building a more harmonious business environment.

STRATEGIC OUTLOOK

First, we are taking a number of initiatives, including optimizing our cost structure, improving operational efficiencies and developing new revenue streams. Specifically, we are conducting a comprehensive cost audit aimed at identifying and reducing non-essential expenses, while seeking to improve efficiencies in a variety of ways, such as reducing labor costs through automated processes. In terms of developing new revenue streams, we are exploring new products and services that complement our existing business model, such as introducing new technology solutions through partnerships and developing customized services for specific industries or markets. For example, we are scrutinizing our existing product lines and eliminating products with low profit margins and weak market competitiveness, while increasing our investment in and marketing of products with stronger profitability.

In addition, we are actively expanding internationally to further increase our market share. We have successfully established a network of partners in several key regions, particularly in Southeast Asia and the Middle East, which are experiencing rapid economic growth and offer great market potential for us. With these partners, we are able to gain a deeper understanding of local cultures and consumer behaviors, allowing us to more precisely target our products and services.

In terms of technology introduction, we are actively adopting open source big models such as DeepSeek and Tongyi Qianwen. These advanced technology platforms provide us with powerful tools and frameworks that enable us to develop and deploy AI solutions more rapidly and provide services to customers efficiently. For example, we have utilized Tongyi Qianwen for identification and classification of business opportunities, which has improved product recognition accuracy and operational efficiency. DeepSeek excels in natural language processing and intention understanding, and by integrating this model, we have significantly improved the accuracy of customer problem identification and have also enhanced the speed of response and quality of customer service. Currently, our customer service staff can quickly answer customer questions using answers provided by AI Agent, which greatly improves customer satisfaction. In future, AI technology will be further applied to improve the accuracy of identifying service health status and the efficiency of handling technical problems in the field of operations and maintenance monitoring.

Further, in terms of important future deployments, we are accelerating our deployment in the areas of AI and computing power. AI and computing power are the two pillars of future technological development, and we understand the importance of deepening our presence in these two areas. To this end, we are investing in high-performance computing resources, building powerful data centers, and establishing partnerships with leading companies in the industry. Through these initiatives, we aim to build a strong technology ecosystem to provide cutting-edge AI services and solutions to our customers. For example, we have signed cooperation agreements with a number of renowned cloud computing service providers to leverage their cloud platforms for large-scale data processing and analytics to provide more accurate and efficient services to our customers. Through these cloud services, we aim to achieve real-time data analysis and processing to provide real-time business insights and decision support to our customers.

To achieve these goals, we are continuously optimizing our products and services to ensure that they meet the needs of our global customers. At the same time, we are actively expanding internationally, building close relationships with partners in different regions to better understand and adapt to local markets. We have assembled a diverse international team with members from different cultural backgrounds, which will help us to better understand the needs of markets around the world.

As a result of these efforts, we have made remarkable achievements in the areas of artificial intelligence and computing power. We are confident in our future growth and believe that through our relentless innovation and hard work, we will achieve even greater success in the international market.

Last but not least, we would like to express our gratitude to every Shareholder and every friend helping and supporting the Company all along.

Xu Shiwei
Chairman and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and the related notes included in this annual report and in particular, "Business Overview." This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this annual report. We have prepared our consolidated financial statements in accordance with IFRS.

BUSINESS REVIEW

Overview

Our reporting has reflected how our Directors and senior management reviews information under this structure. Revenue we generated are reported based on our business lines as follows:

- MPaaS
  - QCDN
  - Kodo
  - Interactive live streaming products
  - Dora
- APaaS Solutions
- Other services

Our reported businesses are described below:

MPaaS

QCDN.	Our integrated QCDN product optimizes the acceleration of data network through building CDN nodes across the globe from multiple providers, primarily including IaaS cloud providers and traditional CDN providers. QCDN is primarily charged based on network traffic or bandwidth usage on public cloud, taking into account factors including the amount of content delivered and the time of the day the service was requested.
Kodo.	Kodo can be offered to our customers on public cloud which is charged based on the storage capacity, including factors such as the weighted average size of the data stored daily. In addition, for customers with higher demand for compatibility, reliability, privacy and security in cloud, Kodo can also be deployed on the customer's server or on a private cloud that we build for the customer, which is charged based on the storage capacity.
Interactive live streaming products.	Our interactive live streaming products are designed for application scenarios in live streaming and real-time interactions. Our interactive live streaming products are offered to our customers on public cloud which is primarily charged based on usage.
Dora.	Dora is our cloud-based intelligent media data analytics platform, offering strong data processing capabilities. Most of our customers use Dora on public cloud which is charged based on API calls or usage. To a lesser extent, Dora can also be deployed on a private cloud built for customers, which is charged on a project basis.

APaaS

Revenue from our APaaS solutions are derived from five application scenarios, namely social entertainment, video marketing, visual networking, smart new media and metaverse. We charge our APaaS customers based on (i) actual usage (such as volume of data or storage used, API calls, etc.), or (ii) service package (equipped with fixed storage, data, software pack, etc.).

Other services

Complementary to our MPaaS and APaaS solutions, we also offer our customers other trustworthy cloud services, primarily including DPaaS, QVM, and internet data hosting services. We provide other services to our customers according to their demand as part of our comprehensive services and our revenue from other services.

INDUSTRY DEVELOPMENT TRENDS

With developments in network technology and increasing popularity of audiovisual, the audiovisual PaaS market in China continues to expand. We continue to witness increasing growth for cloud services when PaaS providers launching more solutions to satisfy customers' demand. The increasing and more widespread usage of emerging technologies such as AI, AI generated content (AIGC) and virtual reality (VR) or augmented reality (AR) also spearheaded the integration of audiovisual cloud technology to being adopted in various applications and industries. Driven by the increasing demand for computing power and the development of AIGC, it is expected that the cloud service market in China will continue to grow.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our ability to create value for our users and generate revenue is driven by the factors described below:

Trends in China's economic conditions and development of the industries in which we operate

Our business and results of operations are significantly affected by China's overall economic conditions and the development of China's audiovisual PaaS industry including audiovisual MPaaS industry and audiovisual APaaS industry. We aim to capture, and we believe that we are well-positioned to continue to capture, the various market opportunities brought by the development of industries in which we operate as it is subject to rapid technological changes and is evolving quickly in terms of technological innovation. In 2024, we experienced the boom of AI and AIGC, which is based on a multimodal large model. "AIGC + audiovisual APaaS" is developing into a new form of audiovisual APaaS. The incorporation of AIGC technology into audiovisual APaaS products is expected to empower content innovation and intelligent content generation.

Our ability to retain and expand usage by our existing customers and to acquire new customers

We have amassed a broad and diversified customer base covering a wide spectrum of industry verticals. The number of our MPaaS and APaaS customers were 82,597 and 2,901, respectively, as of December 31, 2024.

Our MPaaS products are provided to a full spectrum of customers. On one side of the spectrum, MPaaS products are offered to large customers who have development capabilities and tap into our MPaaS functionalities. On the other side of the spectrum, MPaaS products are offered to smaller customers that have limited use of our products such as small scale cloud storage. We strive to retain existing customers and obtain new customers by, among others, further enhancing the quality and efficiency of our existing products and solutions, offering additional innovative products and solutions and implementing effective sales strategies tailored to the verticals in which we operate. Our operating results and growth prospects will depend in part on our ability to attract new customers. With the development of the audiovisual PaaS industry in China continuously driven by the digitization of media and entertainment content, the development of cloud computing, artificial intelligence and 5G technology, we expect to capture the growing market opportunities and serve our existing and new APaaS customers with our low-code solutions addressing differentiated demand of the market.

Our ability to upgrade and expand our products and solutions and to compete effectively

Our success has been based on our dedication to the development of innovative and high-performance audiovisual MPaaS and APaaS products and solutions, and our ability to identify and meet the business needs of our customers. Our business prospects depend largely on our ability to continue enhance the functionalities, performance, reliability, security, scalability of our products and solutions, and to introduce advanced and innovative products and solutions, which thereby will allow us to capture additional market share, enjoy better economies of scale and improve our profitability.

Our ability to effectively control our costs and expenses

Our profitability depends largely on our ability to manage and control our costs and expenses. Our cost of sales mainly includes network and bandwidth costs, server and storage costs, depreciation of equipment, Internet data center rack costs, technical service fees and staff cost. Network and bandwidth costs are mainly resource costs associated with distribution or content delivery. Since a significant portion of our costs relates to distribution and storage services from third parties, our cost of sales largely depends on the price of such services in the market.

KEY OPERATING METRICS

Set out below are some of the key operating metrics we take into account of when managing our business.

	Year ended December 31,	
	2024	2023
Number of MPaaS paying customers	**82,597**	92,480
Number of APaaS paying customers	**2,901**	2,597
Average contribution of MPaaS Paying customers (RMB)[1]	**12,585**	10,500
Average contribution of APaaS paying customers (RMB)[2]	**122,010**	108,300

Notes:

(1) Calculated based on total revenue from MPaaS in the period divided by the number of MPaaS customers in the period.

(2) Calculated based on total revenue from APaaS in the period divided by the number of APaaS customers in the period.

LOOKING FORWARD AND WORK PLAN FOR 2025

Year 2025 will be critical for deepening reform and development of our Company. Our Group will leverage on digitalization, the core force of new productivity changes, seize the golden period of development of the digital economy, give full play to innovation-driven model, strive to enhance the strength of product research and development and the ability to ensure the operation of important systems, and continuously shape the development of new dynamics and new advantages, so as to achieve rapid growth in business scale and steady improvement of operation efficiency.

In 2025, we intends to implement the following strategies and leverage market development trend to further develop our business: (i) developing and expanding our customer base and explore new revenue source by continuing to penetrate and deepen our presence in major scenarios; (ii) continuing to optimize cost structure and enhance operational efficiency; (iii) accelerating overseas business expansion to create new business growth points; (iv) embracing open source large models such as DeepSeek and Tongyi Qianwen; and (v) accelerating the layout of artificial intelligence and computing power.

FINANCIAL REVIEW

Results of Operations

Our total revenue increased by 7.7% from RMB1,334.0 million in 2023 to RMB1,437.0 million in 2024. Our loss for the year increased by 41.7% from RMB324.1 million in 2023 to RMB459.4 million in 2024, mainly due to the increase in loss caused by the fair value changes of convertible redeemable preferred shares in 2024.

Components of Results of Operations

Revenue

MPaaS

Revenue from our MPaaS products are primarily derived from our QCDN, Kodo, interactive live streaming products and Dora.

	Year ended December 31,			
	2024	**%**	2023	%
	RMB'000		RMB'000	
QCDN	**764,492**	**74%**	628,371	64%
Kodo	**194,814**	**18%**	297,791	31%
Interactive live streaming products	**16,103**	**2%**	17,175	2%
Dora	**63,852**	**6%**	31,170	3%
Total	**1,039,261**	**100%**	974,507	100%

Our total revenue from MPaaS products increased by 6.6% in the year 2024, which was attributed to increase in revenue generated from QCDN and Dora due to our enhanced business cooperation with our major customers and our enhanced product offering and services catered to their particular distribution needs and partially offset by a drop in revenue generated from Kodo due to slowdown of our private cloud projects.

APaaS

The following table sets forth a breakdown of our revenue from APaaS solutions by application scenarios, categorized according to the scenario-based solutions provided to our APaaS customers, in absolute amounts and as a percentage of our revenue from APaaS solutions for the periods indicated.

	Year ended December 31,			
	2024	**%**	2023	%
	RMB'000		RMB'000	
Social entertainment	**129,882**	**38%**	86,796	31%
Video marketing	**189,000**	**53%**	170,261	61%
Visual Networking	**29,398**	**8%**	18,935	7%
Smart new media	**4,970**	**1%**	5,063	1%
Metaverse	**700**	**0%**	304	0%
Total	**353,950**	**100%**	281,359	100%

Our total revenue from APaaS solutions increased by 25.8% in the year 2024, which was attributed to significant increase in revenue generated from social entertainment as we provided more functions and attracted customers with scenario-based solutions.

Other services

In 2023 and 2024, revenue from our other services were RMB78.1 million and RMB43.8 million, respectively, representing approximately 5.8% and 3.0% of our total revenue in the same periods.

Cost of Sales

The principal components of our cost of sales include: (i) network and bandwidth purchased from network operators and cloud providers, (ii) server and storage costs in relation to hardware procured for customers, virtual machine services acquired and storage related services, (iii) depreciation and amortization mainly in relation to servers and network equipment, (iv) Internet data center rack costs, (v) technical service fees in relation to software development kit ("**SDK**"), AI and other services or software purchased from third-parties, (vi) staff cost in relation to salaries, bonuses, benefits and share-based payments for our project operation and maintenance team, and (vii) other miscellaneous expenses such as equipment accessories and logistics expenses.

We recorded an increase of 9.4% in cost of sales from RMB1,053.7 million in 2023 to RMB1,153.2 million in 2024, which was in line with our increase in revenue.

Gross Profit and Gross Margin

The following table sets forth our gross profit in absolute amounts and as a percentage of revenue, i.e., gross margins, for the periods indicated:

	Year ended December 31,			
	2024		2023	
	Gross Profit RMB'000	**Gross margin (%)**	Gross Profit RMB'000	Gross margin (%)
MPaaS	**178,927**	**17.2%**	188,541	19.3%
APaaS	**100,453**	**28.4%**	84,554	30.1%
Others	**4,445**	**10.1%**	7,150	9.2%
Total	**283,825**	**19.8%**	280,245	21.0%

We recorded a drop in our gross margin due to increase in network and bandwidth costs in the market in 2024.

Other income and gains

Other income and gains consists primarily of government grants relating to our research and development activities and additional input value-added tax credit, and bank deposit interest income.

We recorded a decrease in other income and gains from RMB30.9 million in 2023 to RMB9.8 million in 2024, which was mainly due to expiry of government grants policy and reduction in grants received from local government and input value-added tax credit.

Research and development costs

Research and development costs consists primarily of personnel costs, depreciation and amortisation, outsourcing of non-essential research and development expenses and others.

We recorded a 23.1% increase in research and development costs from RMB128.0 million in 2023 to RMB157.6 million in 2024, which was mainly due to increased investment in research and development projects related to APaaS and AI.

Selling and marketing expenses

We recorded a decrease in selling and marketing expenses from RMB139.1 million in 2023 to RMB115.9 million in 2024 due to our continuous effort in cost control.

Fair value losses on convertible redeemable preferred shares

Our fair value changes of convertible redeemable preferred shares represent changes in the fair value of the convertible redeemable preferred shares issued by us to Pre-IPO Investors.

We recorded a 88.1% increase in fair value losses on convertible redeemable preferred shares from RMB156.1 million in 2023 to RMB293.6 million in 2024, primarily due to revaluation of equity value of our Company upon listing of the shares of our Company in the initial public offering of our Company ("**IPO**") on October 16, 2024.

Upon the successful completion of the IPO, all convertible redeemable preferred shares of our Company were fully converted to share capital and share premium.

Taxation

We recorded RMB31,000 income tax expense during 2024 as compared with zero income tax expense during 2023.

Loss for the Year

We recorded an increase in loss from RMB324.1 million to RMB459.4 million in 2023 and 2024, respectively, mainly due to the increase in loss caused by the fair value changes of convertible redeemable preferred shares in 2024.

Adjusted Net Loss

We recorded an adjusted net loss (non-IFRS Measure) for the year ended December 31, 2024 of RMB127.0 million, compared to an adjusted net loss (non-IFRS Measure) of RMB115.6 million for the year ended December 31, 2023. Our Company defines the adjusted net loss (non-IFRS Measure) as the loss for the year, excluding fair value changes on convertible redeemable preferred shares, share-based payments and listing expenses.

Total Comprehensive Loss for the Year

We recorded total comprehensive loss of RMB373.1 million and RMB471.7 million in 2023 and 2024. The differences between the loss for the year and the total comprehensive loss for the year was mainly due to the exchange differences on translation (including those that may be reclassified and those that will not be reclassified to profit or loss in subsequent periods).

Liquidity and Capital Resources

We fund our operations and strategic investments from cash generated from our operations and through debt and equity financing. As of December 31, 2024 we had cash and cash equivalents, restricted cash and time deposits of a total amount of RMB519.5 million. Short-term bank deposits were deposits with original maturities over three months and less than one year. Time deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of our Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no history of default. As of December 31, 2024, our Group's interest-bearing bank and other borrowings amounted to RMB196.1 million, which were short-term bank loans within one year without any pledge of our Group's property, plant and equipment. For details of our debt-to-asset ratio, please refer to note 37 to our audited consolidated financial statements included in this annual report.

The following table sets out a summary of our cash flows for the periods indicated:

	Year ended December 31,	
	2024	2023
	RMB	RMB
	(in millions)	
Net cash flows from/(used in) operating activities	**(118.1)**	(3.8)
Net cash flows from/(used in) investing activities	**42.0**	(14.9)
Net cash flows from/(used in) financing activities	**356.4**	(4.7)

Cash Flows from Operating Activities

Net cash flows used in operating activities in year 2024 was RMB118.1 million, and primarily consisted of loss before tax of RMB459.3 million, as adjusted for non-cash items and the effects of changes in working capital and other activities. Adjustments for non-cash items primarily included (i) the cash flow effects of certain items, including impairment losses on financial assets, depreciation of property, plant and equipment and right-of-use assets, share-based payments, finance costs, bank interest income, losses on fair value changes of convertible redeemable preferred shares and financial assets at fair value through profit or loss, and (ii) the effects of changes in our working capital.

Net cash flows used in operating activities in year 2023 was RMB3.8 million, and primarily consisted of loss before tax of RMB324.1 million, as adjusted for non-cash items and the effects of changes in working capital and other activities. Adjustments for non-cash items primarily included (i) the cash flow effects of certain items, including impairment losses on financial assets, depreciation of property, plant and equipment and right-of-use assets, share-based payments, finance costs, bank interest income, losses on fair value changes of convertible redeemable preferred shares and financial assets at fair value through profit or loss, and (ii) the effects of changes in our working capital.

Please also see our consolidated statements of cash flows set forth in our audited consolidated financial statements included in this annual report.

Cash Flows from Investing Activities

Our cash used in investing activities consists primarily of payments for the purchase of property, plant and equipment, purchase of financial assets at fair value through profit and loss, and loans to related parties. Our cash generated from investing activities consists primarily of proceeds from maturity of time deposits, proceeds from redemption of financial assets at fair value through profit or loss, and repayment of loans to related parties.

Net cash flows from investing activities in 2024 was RMB42.0 million primarily attributable to proceeds from maturity of time deposits.

Net cash used in investing activities in 2023 was RMB14.9 million, and was primarily attributable to placement of time deposits and purchases of property, plant and equipment.

Cash Flows from Financing Activities

Net cash flows from financing activities in year 2024 was RMB356.4 million primarily reflected the proceeds from issuance of ordinary shares relating to initial public offering.

Net cash used in financing activities in year 2023 was RMB4.7 million and was primarily reflected cash used in repayment of bank and other borrowings and interest.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

Our capital expenditures primarily consist of expenditures for fixed assets, comprising property, plant and equipment and right-of-use assets, specifically servers, computer equipment, office equipment and furniture, and leasehold improvements and buildings.

In years 2023 and 2024, our capital expenditures totaled RMB16.3 million, and RMB35.0 million, respectively.

In 2024, we funded our capital expenditure mainly from cash generated from our operating activities and bank borrowings.

FOREIGN EXCHANGE EXPOSURE

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly pertaining to the risk of fluctuations in the Hong Kong dollar and US dollar against Renminbi.

The Group has not used any derivative contracts to hedge against its exposure to currency risk. The Group will continue to monitor foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arise.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our significant accounting policies are set forth in note 2 to our audited consolidated financial statements included in this annual report. The preparation of our consolidated financial statements requires our management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Our management periodically re-evaluates these estimates and assumptions based on historical experience and other factors, including expectations of future events that they believe to be reasonable under the circumstances. The estimates or assumptions related to the impacts of the conflict on economic conditions also require our significant judgment. We have identified the following accounting policies as the most critical to an understanding of our financial position and results of operations, because the application of these policies requires significant and complex management estimates, assumptions and judgment, and the reporting of materially different amounts could result if different estimates or assumptions were used or different judgments were made.

Recognition of Revenue

We are mainly engaged in the business of providing MPaaS products, APaaS solutions, and other services including DPaaS solutions and other cloud services. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as of December 31, 2023 and December 31, 2024.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no material acquisitions or disposals of subsidiaries and associated companies during 2024.

Material Adverse Change

Other than as disclosed in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the current fiscal year that are reasonably likely to have a material effect on our net revenues, income, profitability, liquidity or capital reserves, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates primarily to our bank borrowings with a floating interest rate. Our policy is to manage our interest cost using a mix of fixed and variable rate debts. As of December 31, 2024, none of our interest-bearing borrowings bore interest at floating rates. Accordingly, as of the end of the Reporting Period, we did not have any significant exposure to the interest rate risk in the cash flows.

Foreign currency risk

The functional currency of our Company and our subsidiaries incorporated in Cayman Islands, the British Virgin Islands, Hong Kong, Singapore and Vietnam is USD. We are exposed to foreign currency risk with respect to transactions denominated in currencies other than USD. In addition, in China, we principally conducted business in RMB, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. For further details of our foreign exchange risk in relation to possible changes in foreign currency exchange rates, see Note 37 to our audited consolidated financial statements included in this annual report.

Credit risk

We only offer credit terms to recognized and creditworthy customers. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For further details of our credit risk, see Note 37 to our audited consolidated financial statements included in this annual report.

Liquidity risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows. For further details of our credit risk, see Note 37 to our audited consolidated financial statements included in this annual report.

Management's Annual Report on Internal Control over Financial Reporting

Financial reporting risk management

We have a set of policies in connection with our financial reporting risk management, such as financial system management, assets protection management, budget management, and operation analysis management. We also have procedures in place to implement such policies, which our financial department follows when reviewing our management accounts. In addition, we provide regular training to our financial department staff to ensure that they understand our accounting policies and procedures.

Operational risk management

We pay detailed attention to the review of contents published by our customers. We have developed a proprietary intelligent content censor system, which leverages the machine learning technology to determine within several seconds whether the contents published by customers (including texts, graphics, and videos) have violated or is likely to violate any policies, and we manage this accordingly, through measures such as blocking such content from being published. At the same time, we set up an operational risk management team, members of which will conduct comprehensive reviews of contents used in our platform. In addition, end customers can give feedback or report any violating contents published by our customers through different channels. Our operational risk management team will, pursuant to applicable laws and regulations, delete or remove offending contents and penalize such customers.

Investment risk management

We invest in or acquire businesses that complement ours, such as those that can expand our service scope and strengthen our R&D capabilities. We usually plan to hold our investments for the long term. To protect Shareholders' interests and control potential risks related to investments, we generally require the investees to grant us the usual investor protection rights.

In our investment projects, our corporate strategic management center identifies investment projects based on our investment strategies and evaluates the risks and potential of these investment projects in advance. We adopt different levels of approval and due diligence mechanisms depending on the specific circumstances of the investment project. Our finance and legal affairs department collaborates with the corporate strategic management center on evaluation, structure, analysis, communication, execution, risk control, reporting and post investment risk management of transactions. In addition, our finance and legal affairs department regularly monitors trading behavior. Any significant issues will be timely reported to the Board and the corporate strategic management center composed of several senior management team members with rich industry experience for further discussion.

Anti-bribery and corruption

Pursuant to our internal control policy, namely Qiniu Cloud Anti-Bribery and Anti-Corruption Management System (《七牛雲反舞弊反賄賂管理機制》), all employees of our Group would be penalized for engaging in bribery, corruption, misappropriation and fraud in exchange for personal or commercial benefits. The audit department is responsible for identifying, assessing and reporting corruption incidents to the CEO in accordance with a prescribed set of criteria, including the scope, severity and complexity of the suspicious activity, As precautionary measures, we also strengthen our internal control measures against bribery and corruption from time to time. In addition, we include a warranty in our procurement contract that suppliers shall guarantee to us that all goods or services that they provided comply with relevant U.S. trade control and sanctions laws and regulations.

Significant Changes

We have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

PLEDGE OF ASSETS

As of December 31, 2024, we did not pledge any of our assets.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Xu Shiwei (許式偉), aged 47, was appointed as a Director on May 23, 2011 and was subsequently re-designated as an executive Director on June 26, 2023. Mr. Xu is also the chairman of our Board, the chief executive officer and chief technical officer of our Company and directors of certain of our subsidiaries and Consolidated Affiliated Entities, such as Qiniu HK, WarpDrive Technology and Qiniu Information. Mr. Xu is responsible for overall strategic planning and operational decision of our Group.

Mr. Xu has over 20 years of experience in the information technology industry. Mr. Xu established our Company in May 2011. Prior to the incorporation of our Company, from 2009 to 2011, Mr. Xu worked as a senior researcher at Shanda Interactive Entertainment Limited (上海盛大網絡發展有限公司), and led the launch of Shanda NetDisk and Shanda Grand Cloud. From 2000 to 2008, Mr. Xu held several technical roles, including as a technical director, at Kingsoft Corporation Limited (金山軟件有限公司) (a company listed on the Stock Exchange, stock code: 3888), where he established a laboratory focusing on the research and development of distributed storage technologies.

Mr. Xu received a degree of Bachelor of Science in Theoretical Physics from Nanjing University (南京大學) in July 2000.

Mr. Xu has received various recognitions for his contributions in the information technology industry. He received the State Scientific and Technological Progress Award (Second Class) (國家科學技術進步獎二等獎) by the State Council in December 2007 for his contributions in the development of WPS Office 2005 and he also received the Shanghai Scientific and Technological Award (Third Class) (上海市科學技術獎三等獎) for his participation in the development of cloud storage framework and data management platform for developers from Shanghai Municipal People's Government (上海市人民政府) in November 2016.

Mr. Xu is one of the lead authors of the book titled "The Go Programming Language (Go語言編程)" and one of the translators of the book titled "Programming in Go: Creating applications for the 21st century" written by Mark Summerfield. Mr. Xu is also the inventor/co-inventor of several critical patents of our Group.

Ms. Chen Yiling (陳伊玲), aged 42, was appointed as a Director on March 13, 2023 and was subsequently re-designated as an executive Director on June 26, 2023. Ms. Chen is also the chief operating officer of our Company and director or supervisor of certain subsidiaries and Consolidated Affiliated Entities, such as Qiniu HK, WarpDrive Technology and Qiniu Information. Ms. Chen is responsible for overseeing daily management and operations, strategic planning and business development of our Group.

Ms. Chen has over 17 years of experience working in the information technology industry. She joined our Group in October 2014 and initially worked as a human resources director. She was subsequently promoted to be the vice president of our human resources department in January 2017. She was re-designated as the vice president of our operation department in June 2020 and served as the chief marketing officer from May 2021 to December 2021 before she became our chief operating officer. Prior to joining our Group, Ms. Chen worked at Shanghai Success Factors Software Technology Co., Ltd. (上海勝略軟件技術有限公司) (a subsidiary of SAP (China) (思愛普(中國)), a software company, from January 2011 to September 2014.

Ms. Chen received a degree of Bachelor of Management in Human Resource Management from Hunan Institute of Engineering (湖南工程學院) in June 2005 and she has been studying in the Executive Master of Business Administration (EMBA) program at Cheung Kong Graduate School of Business (長江商學院) since October 2021.

Non-executive Director

Mr. Lyu Guihua (呂桂華), aged 44, was appointed as a Director on May 23, 2011 and was subsequently re-designated as a non-executive Director on June 26, 2023. Mr. Lyu is also a director of certain of our subsidiaries and Consolidated Affiliated Entities, such as Qiniu HK and Qiniu Information. Mr. Lyu is responsible for participating in the formulation of the overall strategy of our Group.

Mr. Lyu has over 21 years of experience in the information technology industry. Prior to joining our Group, from August 2009 to June 2011, he served as a department manager in Shanda Games Limited (盛大遊戲有限公司) (currently known as Shengqu Information Technology (Shanghai) Co., Ltd. (盛趣信息技術(上海)有限公司)), an online game company. From March 2004 to August 2009, Mr. Lyu served as a software development manager in Augmentum Software. From July 2001 to March 2004, Mr. Lyu served as a software architect at Kingsoft Corporation Limited (金山軟件有限公司) (a company listed on the Stock Exchange, stock code: 3888).

Mr. Lyu received his degree of Bachelor of Engineering in Mechanical Engineering and Automation from Zhejiang University (浙江大學) in June 2001.

Mr. Lyu is another lead author of the book titled "The Go Programming Language (Go語言編程)" and one of the translators of the book titled "Programming in Go: Creating applications for the 21st century" written by Mark Summerfield. Mr. Lyu is also the inventor/co-inventor of several critical patents of our Group.

Independent Non-executive Directors

Mr. Wei Shaojun (魏少俊), aged 44, has been appointed as an independent non-executive Director effective from the Listing Date and he is primarily responsible for supervising and providing independent judgement to our Board.

Mr. Wei has over 18 years of experience in the information technology industry. He has been serving as a senior technical director of Pintu (Beijing) Information Technology Co. Ltd* (拼途(北京)信息技術有限公司), an online travel platform providing taxi-hailing and carpooling services, and is responsible for the optimization of intelligent algorithms since June 2021. From October 2018 to June 2021, Mr. Wei served as the vice president of the information management department of Shanghai LinkSure Network Technology Co.* (上海連尚網絡科技有限公司), a company providing internet access, and was responsible for information management and promotion business of videos. Prior to that, Mr. Wei was a technical director of Tianjin Qisi Technology Co., Ltd* (天津奇思科技有限公司), a software company which is currently known as 360 Technology Group Co., Ltd.* (三六零科技集團有限公司), and was responsible for web crawlers, natural language processing, promotion and other related operations from September 2012 to October 2018. From July 2006 to September 2012, he was a technical manager at Baidu, Inc. (百度集團股份有限公司) (a company listed on the Stock Exchange, stock code: 9888 and NASDAQ, stock code: BIDU) and was responsible for web crawlers and search engine.

Mr. Wei received his degree of Bachelor of Science in Physics in Optoelectronics from Nanjing University (南京大學) in July 2000 and his degree of Master of Engineering in Computer Science and Technology from Tsinghua University (清華大學) in July 2006.

Mr. Zhou Zheng (周正), aged 39, has been appointed as an independent non-executive Director effective from the Listing Date and he is primarily responsible for supervising and providing independent judgement to our Board.

Mr. Zhou has over 11 years in the corporate finance and capital markets industry. He has been serving as the chief strategy officer of Zhongsheng Group Holdings Limited (中升集團控股有限公司) (an automobile company listed on the Stock Exchange, stock code: 881) since February 2023 and is primarily responsible for financial and strategic planning and capital markets related matters. From November 2017 to April 2021, he served as the chief financial officer of VCREDIT Holdings Limited (維信金科) (an online consumer finance service provider listed on the Stock Exchange, stock code: 2003). Prior to that, he worked at Credit Suisse (Hong Kong) Limited (瑞士信貸(香港)有限公司), a subsidiary of Credit Suisse AG (瑞士信貸銀行股份有限公司), an investment bank, as a vice president from May 2016 to November 2017 and worked at Blackstone Advisory Partners L.P., a subsidiary of The Blackstone Group (黑石集團), from March 2011 to May 2015.

Mr. Zhou obtained his degree of Bachelor of Business Administration in Finance from The Hong Kong University of Science and Technology (香港科技大學) in November 2008 and a degree in Master of Business Administration from the Sloan School of Management of Massachusetts Institute of Technology (麻省理工學院) in June 2021.

Dr. Shi Qing (史清), aged 47, has been appointed as an independent non-executive Director effective from the Listing Date and he is primarily responsible for supervising and providing independent judgement to our Board.

Dr. Shi has over 18 years of experience in the research and development industry. He has been serving as the Chairman and Chief Technology Officer of Motorcomm Electronic Technology Co., Ltd. (裕太微電子股份有限公司) (a company with principal business of development, design and sales of communication chips listed on the Shanghai Stock Exchange, stock code: 688515), since June 2017. Between July 2007 and May 2017, Dr. Shi served as the research and development director of Qualcomm Enterprise Management (Shanghai) Co. Ltd. (高通企業管理(上海)有限公司), a telecommunication company. Prior to that, Dr. Shi served as a research and development scientist of Alcatel Shanghai Bell Co., Ltd (上海貝爾阿爾卡特股份有限公司) (currently known as Nokia Shanghai Bell Co., Ltd. (上海諾基亞貝爾股份有限公司)), a telecommunication company, from December 2006 to June 2007. From July 2005 to November 2006, Dr. Shi served as a research and development manager of Shanghai Galileo Ltd. (上海伽利略導航有限公司) (currently known as Shanghai Galileo Industries Ltd. (上海北伽導航科技有限公司)), a company with principal business of research and industrialization of satellite navigation.

Dr. Shi obtained his doctorate degree in Microelectronics and Solid State Electronics from Shanghai Institute of Microsystem and Information Technology (中國科學院上海微系統與信息技術研究所) in March 2006, and his degree of Bachelor of Science in Physics Microelectronics from Nanjing University (南京大學) in July 2000.

SENIOR MANAGEMENT

Mr. Xu Shiwei, Chairman of the Board, executive Director, chief executive officer and chief technical officer of the Company. Please refer to the section headed "Executive Directors" in this section.

Ms. Chen Yiling, executive Director and chief operation officer of the Company. For the biographical details of Ms. Chen, please refer to the section headed "Executive Directors" in this section.

Mr. Han Bin (韓斌), aged 56, is the chief financial officer of the Company. He is primarily responsible for financing and capital market operation and assisting the chairman in formulating our strategy.

Prior to joining our Group, Mr. Han served as the senior vice president of Netjoy Holdings Limited (a company listed on the Stock Exchange, stock code: 2131), an online advertising solutions services company, from July 2019 to November 2022 and was responsible for the financing and investment management. He served as the vice president of Shanghai Fenghua Education Technology Co., Ltd.* (上海楓華教育科技有限公司), an education company, from August 2017 to March 2019, and was primarily responsible for financing and investment management. Before that, he served as a counsel and the director of capital markets department at Fangda Partners, a law firm, from March 2014 to August 2017. From November 2008 to March 2014, Mr. Han worked at the Stock Exchange with his last position being the representative of eastern China. Prior to that, he worked at Hubei Huanghe Law Firm (湖北黃鶴律師事務所) as a lawyer from March 2000 to April 2004. Mr. Han has been an independent director of China Hi-Tech Group Co., Ltd.* (中國高科集團股份有限公司) (a company with principal business of provision of vocational education listed on the Shanghai Stock Exchange, stock code: 600730), since June 2023.

Mr. Han graduated with a degree of Bachelor of Science in Astronomy from Beijing Normal University (北京師範大學) in July 1990. He obtained master of laws degrees from Wuhan University (武漢大學) in June 1999 and from the University of Toronto (多倫多大學) in November 2005, respectively. He also obtained PhD in law degree from The University of Hong Kong (香港大學) in November 2011. Mr. Han received a license to practice law in the PRC in June 2000 from the Ministry of Justice of the PRC.

Mr. Zhang Yuanhao (張袁昊), aged 34, is the head of finance department and joint company secretary of the Company. He is primarily responsible for daily management of finance department, handling corporate governance related matters and providing assistance to the Board.

Mr. Zhang has over 11 years of experience in the finance industry. Mr. Zhang joined our Group in May 2015 initially as a financial manager and was promoted to be the head of our finance department in October 2018. Prior to joining our Group, from September 2012 to May 2015, Mr. Zhang worked as an auditor in the Shanghai branch office of Ernst & Young Hua Ming LLP (安永華明會計師事務所), an accounting firm.

Mr. Zhang obtained a degree of Bachelor of Management in Accounting from Fudan University (復旦大學) in July 2012. He has been a non-practicing member of Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會) since June 2015. He passed the National Judicial Exam organized by the Ministry of Justice of the PRC in March 2016.

Ms. Li Lina (李麗娜), aged 40, is the head of human resources department of the Company. She is primarily responsible for the management of the human resources department and oversees recruitment and employee relations.

Ms. Li has over 15 years of experience in the human resources industry. Ms. Li joined our Group in November 2017 and has been serving as a manager, a senior manager, director of remuneration and benefits in our human resources department and was subsequently appointed as the head of human resources department in December 2021. Prior to joining our Group, Ms. Li served as remuneration and benefits manager at the group of Bilibili Inc., (嗶哩嗶哩股份有限公司), a company listed on the Stock Exchange (stock code: 9626) and the NASDAQ (stock code: BILI)) from May 2016 to November 2017 and as the head of the human resources at the group of Namchow Holdings Co., Ltd. (南僑投資控股股份有限公司), a company listed on the Taiwan Stock Exchange (stock code: 1702), from April 2011 to May 2016, in which she was responsible for supervising human resources matters. From July 2008 to May 2010, she worked at Joyoung Co., Ltd. (九陽股份有限公司), a home appliance manufacturer, as a human resources officer and recruitment specialist and was responsible for the establishment of salary incentive policy and staff recruitment.

Ms. Li obtained a degree of Bachelor of Engineering in Communication Engineering from Daqing Petroleum College (大慶石油學院) (currently known as Northeast Petroleum University (東北石油大學)) in July 2007.

Mr. Jiang Wenlong (江文龍), aged 36, is the deputy chief technical officer of the Company. He is primarily responsible for product research and development of our Group.

Mr. Jiang has over 11 years of experience in the cloud computing industry. He joined our Group in August 2012 initially as a senior developer for server development. He was promoted to be a technical director in May 2013 to oversee the research and development of cloud storage products. Mr. Jiang was further promoted to be our senior R&D director in May 2019 and was responsible for the research and development focusing areas such as cloud storage, CDN and live broadcast.

Mr. Jiang obtained a degree of Bachelor of Engineering in Software Engineering from Xiamen University (廈門大學) in June 2010. In November 2016, Mr. Jiang received the Shanghai Scientific and Technological Award (Third Class) (上海市科學技術獎三等獎) for his participation in the development of cloud storage framework and data management platform for developers from Shanghai Municipal People's Government (上海市人民政府).

DIRECTORS' REPORT

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

GLOBAL OFFERING

The Company is a limited liability company incorporated in the British Virgin Islands on May 23, 2011 and re-domiciled and continued in the Cayman Islands on June 14, 2023. The Shares have been listed and traded on the Main Board of the Stock Exchange since October 16, 2024. Details on 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" of this directors' report.

PRINCIPAL ACTIVITIES

The Company is a leading audiovisual cloud services provider in China. The business analysis of the Group by business segment for the year ended December 31, 2024 is set out in Note 4 to the consolidated financial statements included in this annual report.

RESULTS

The results of the Group during the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on pages 97 to 98 of this annual report.

FINAL DIVIDEND

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

No shareholder waives or agrees to waive any dividend arrangement.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to attend and vote at the AGM to be held on Wednesday, May 28, 2025, the register of members of the Company will be closed from Friday, May 23, 2025 to Wednesday, May 28, 2025, both days inclusive, during which no transfer of shares will be registered. To qualify for attending and voting at the AGM, Shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, May 22, 2025 for registration of the relevant transfer.

BUSINESS REVIEW

The review of the Group's business during the Reporting Period and the discussion on future business development are set out in the section headed "Management Discussion and Analysis" on pages 10 to 23 of 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 prepared in accordance with Appendix C2 to the Listing Rules will be published on the websites of the Company and the Stock Exchange within three months after the publication of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group is subject to various PRC laws and regulations in the course of daily operation. For details, please refer to the section headed "Regulatory Environment" of the Prospectus.

During the Reporting Period, the Group was not involved in any non-compliance incidents that resulted in fines, enforcement actions or other penalties to the Group which, in turn, may individually or as a whole have a material adverse impact on the Group's business, financial conditions or operating results, and the Group had complied with applicable PRC laws and regulations in all material aspects.

MAIN RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

EMPLOYEES

As of December 31, 2024, the Group had 325 full-time employees, including 223 male and 102 female employees.

The Group believes that the Group has always maintained a good relationship with its employees. The employees of the Group have not participated in any labor union. As of December 31, 2024, the Group did not experience any strikes or any labor disputes with its employees which have had or are likely to have a material effect on the Group's business.

The Group's employees typically enter into standard employment contracts with the Group. The Group places high value on recruiting, training and retaining its employees. The Group maintains high recruitment standards and provides competitive compensation packages. Remuneration packages for the Group's employees mainly comprise base salary and bonus. The Group also provides both in-house and external trainings for its employees to improve their skills and knowledge. For the year ended December 31, 2024, total staff remuneration expenses including Directors' and chief executive's remuneration amounted to RMB286.8 million.

The Group contributes to social security insurance and housing provident funds for its employees in accordance with applicable PRC laws, rules and regulations in all material aspects. We have granted and planned to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development. Details of the Post-IPO Share Option Scheme are set out in the section headed "Post-IPO Share Option Scheme" of this directors' report.

CUSTOMERS

The Group's customers spanned across various industries including, among others, pan-entertainment, social networking, healthcare, e-commerce, education, media, financial services, automotive, telecommunications and intelligent manufacturing. The Group has maintained stable and good business relationships with our top five customers from eight to 11 years (as of December 31, 2024). For the year ended December 31, 2023 and 2024, we did not have any substantial reliance on any single customer. Our revenue generated from our largest customer for the year ended December 31, 2023 and 2024 accounted for 11.8% and 19.8%, respectively, of our revenue during the year. Our revenue generated from our five largest customers for the year ended December 31, 2023 and 2024 accounted for 34.3% and 38.8%, respectively, of our revenue during the year. The Group generally settles with customers by wire transfer.

SUPPLIERS

The Group's suppliers primarily consist of enterprises in the cloud technology industry that provide (i) network and bandwidth services, (ii) IDC services and (iii) server and storage services. The Group has maintained stable and good business relationships with our top five suppliers from two to 10 years (as of December 31, 2024). Our transaction amounts with our largest supplier for the year ended December 31, 2023 and 2024 accounted for 5.9% and 5.0%, respectively, of our total purchase during the year. Our transaction amounts with our five largest suppliers for the year ended December 31, 2023 and 2024 accounted for 25.7% and 20.1%, respectively, of our total purchase amounts during the year. The suppliers of the Group generally settle with the Group via wire transfer.

During the Reporting Period, none of the Directors, any of their close associates or any Shareholders who, to the knowledge of the Directors, own more than 5% of the number of issued shares of the Company, had an interest in the top five customers or suppliers of the Group.

MAIN RISKS AND UNCERTAINTIES

Some of the main risks faced by the Group included:

1. Market competition risk

The audiovisual cloud service market is rapidly evolving and competition continues to be increasingly fierce. The principal competitive factors in our market include research and development capabilities, industry know-how, continuous capital investment, product portfolio, among others. Some of our existing competitors might have substantial competitive advantages, including larger scale, longer operating history, greater brand recognition, more established relationships with customers, suppliers and partners, and greater financial, research and development, marketing and other resources. In addition, emerging and enhanced technologies are likely to further intensify competition of our industry. Intensified competition may result in price reduction of our products and solutions, a decrease in our profit margins, loss of market share and increased difficulty in market penetration, which may have a material adverse effect on our business, prospects, financial conditions and results of operation. If we are unable to compete successfully against our current or potential competitors, our business, financial condition, and results of operations may be materially and adversely impacted.

2. Industry development risk

Our business, growth and prospects are significantly affected by the audiovisual PaaS industry, in particular, the growth in the audiovisual APaaS industry, which is a fairly new market in China. This growth has placed and may continue to place significant demands on our managerial, administrative, operational, financial and other resources. Furthermore, we intend to grow by expanding our business, increasing market penetration of our existing products and solutions and developing new ones. To maintain our growth, we need to attract more customers, hire more qualified R&D staff and other staff, scale up our offerings and strengthen our technology infrastructure. If we fail to efficiently manage the expansion of our business, our costs and expenses may increase faster than we planned and we may not successfully attract a sufficient number of customers and users in a cost-effective manner, respond to competitive challenges, or otherwise execute our business strategies.

3. Net cash outflow risk

We continued to incur net loss during the year ended December 31, 2024, as we strategically prioritized expansion and market share growth instead of short-term profitability given the audiovisual cloud service market, especially the audiovisual APaaS market, is at its early development stage in China. During the year ended December 31, 2024, our cash used in operating activities was principally for cost of sales including network and bandwidth costs and server and storage costs, selling and marketing expenses, administrative expenses and research and development expenses. There is no assurance that we will not experience periods of net operating cash outflow in the future. If we continue to record net operating cash outflow in the future, our working capital may be constrained which may adversely affect our business and financial condition.

4. Security breaches and information technology risk

We have implemented various cybersecurity measures, but such measures may not detect, prevent or control all attempts to compromise our systems, including but not limited to, distributed denial-of-service attacks, viruses, Trojan horses, malicious software, break-ins, phishing attacks, third-party manipulation, security breaches, employee misconduct or negligence or other attacks, risks, data leakage and similar disruptions that may cause service interruptions or jeopardize the security of data stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of user information, or a denial-of-service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, there can be no assurance that we will be able to anticipate, or implement adequate measures to protect against these attacks. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liabilities, our reputation and business would be harmed and we could sustain substantial revenue loss from loss of sales and customer dissatisfaction.

FINANCIAL SUMMARY

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

USE OF THE NET PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds received from the Global Offering in October 2024, after deducting the underwriting fees and commissions and expenses payable by the Company in connection with the Global Offering, amounted to approximately HK$369.7 million. The Company did not exercise the over-allotment option. During the period from the Listing Date to December 31, 2024, the net proceeds from the Global Offering was utilized in the manner as follows:

	Approximate percentage of the total net proceeds	Net proceeds from the Global Offering (HKD in millions)	Net proceeds utilized as of December 31, 2024 (HKD in millions)	Remaining net proceeds as of December 31, 2024 (HKD in millions)	Expected time to utilize the remaining net proceeds in full
Penetrating and deepening our presence in the application scenarios of our APaaS business and developing and expanding our customer base	**38.0%**	**140.5**	**7.1**	**133.4**	**By the end of the year ending December 31, 2028**
Purchasing network and bandwidth and servers	15.0%	55.5	5.4	50.1	
Enhancing our sales and marketing function – enhancing our brand awareness through online channels	9.0%	33.2	1.5	31.7	
Recruiting personnel for developing and accumulating more in-depth scenarios in APaaS	14.0%	51.8	0.2	51.6	
Expanding our overseas business	**20.0%**	**73.9**	**4.0**	**69.9**	**By the end of the year ending December 31, 2028**
Enhancing our overseas IT infrastructure	8.0%	29.6	4.0	25.6	
Establishing local teams in various regions and countries	12.0%	44.3	–	44.3	
Enhancing our research and development capabilities and improving our technology infrastructure	**12.0%**	**44.4**	**1.7**	**42.7**	**By the end of the year ending December 31, 2028**
Building our AIGC capabilities	8.0%	29.6	1.5	28.1	
Upgrading and iterating our low-code platform	4.0%	14.8	0.2	14.6	
Selected mergers, acquisitions, and strategic investments	**20.0%**	**73.9**	**–**	**73.9**	**By the end of the year ending December 31, 2028**
Working capital and general corporate purposes	**10.0%**	**37.0**	**3.0**	**34.0**	**By the end of the year ending December 31, 2028**
Total	**100%**	**369.7**	**15.8**	**353.9**	

As of December 31, 2024, our Group has utilized HK$15.8 million of the net proceeds from the Global Offering, and the remaining net proceeds of HK$353.9 million were deposited with licensed banks in Hong Kong or the PRC. Our Group will further utilize the net proceeds from the Global Offering in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the prospectus of our Company dated September 30, 2024.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in the section headed "Material Acquisition, Disposal of Subsidiaries, Associates and Joint Ventures and Significant Investment" in this report, the Group did not have any other future plans for material investment and capital assets as of the Latest Practicable Date.

PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, details of the changes in the property, plant and equipment of the Company and the Group are set out in Note 13 to the consolidated financial statements in this annual report.

SHARE CAPITAL

During the Reporting Period, the details of the changes in the Company's share capital are set out in Note 39 to the consolidated financial statements in this annual report.

RESERVES

The details of the changes in the reserves of the Company and the Group during the Reporting Period are set out in the consolidated statement of changes in equity on pages 101 to 102 of this annual report.

TAX CREDIT

The Directors are not aware of any tax credit available to the Shareholders by reason of their holding of the Company's securities

BANK BORROWINGS AND OTHER BORROWINGS

Details of the bank borrowings and other borrowings of the Company and its subsidiaries during the Reporting Period are set out in Note 24 to the consolidated financial statements in this annual report.

DIRECTORS

During the Reporting Period and up to the Latest Practicable Date, the Directors are as follows:

Executive Directors:
Mr. Xu Shiwei *(Chairman and Chief Executive Officer)*
Ms. Chen Yiling *(Chief Operating Officer)*

Non-Executive Director:
Mr. Lyu Guihua

Independent Non-Executive Directors:
Mr. Zhou Zheng
Dr. Shi Qing
Mr. Wei Shaojun

Pursuant to Article 26.3 of the Articles of Association, the Directors may appoint any person as a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first AGM after such Director's appointment and shall then be eligible for re-election at that meeting.

Pursuant to Article 26.4 of the Articles of Association, at every AGM 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. Any Director required to stand for re-election pursuant to Article 26.3 shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which such Director retires and shall be eligible for re-election at such meeting. The Company at any AGM at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Therefore, Mr. Lyu Guihua, Mr. Zhou Zheng, Dr. Shi Qing and Mr. Wei Shaojun shall retire as Directors by rotation at the AGM, and are eligible, and offer themselves for re-election.

The details of the Directors subject to re-election at the AGM will be set out in the AGM circular to the Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

The details of the biographies of Directors and senior management are set out in the section headed "Directors and Senior Management" on pages 24 to 28 of this annual report.

CHANGE IN DIRECTORS' INFORMATION

For the year ended December 31, 2024, the Directors, including the chief executive officer, confirm that there has been no change in any Director's information, including the chief executive officer's information, that is required to be disclosed in accordance with paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation from each of the independent non-executive Directors confirming their independence under Rule 3.13 of the Listing Rules, and the Company considers that all independent non-executive Directors are independent from the Listing Date to December 31, 2024 and up to the Latest Practicable Date.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of Mr. Xu Shiwei and Ms. Chen Yiling, being executive Directors, has entered into a service contract with the Company on September 25, 2024. Each service contract is for an initial term of one year commencing from the effective date of the appointment or from Listing Date until the date of first AGM after Listing (whichever is earlier). The service contracts may be renewed in accordance with the Articles of Association and the Listing Rules.

Each of Mr. Lyu Guihua, being a non-executive Director, and Mr. Zhou Zheng, Dr. Shi Qing and Mr. Wei Shaojun, being independent non-executive Directors, has entered into a letter of appointment with the Company on September 25, 2024. Each letter of appointment is for an initial term of one year commencing from the effective date of the appointment or from Listing Date until the date of first AGM after Listing (whichever is earlier). The letters of appointment may be renewed in accordance with the Articles of Association and the Listing Rules.

Save as disclosed above, none of the Directors has entered into or intends to enter into any service contract with any member company of the Group (excluding any agreement expiring within one year or terminable by any member company of the Group within one year without compensation (except for statutory compensation)).

CONTRACT WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section headed "Contractual Arrangements" of this directors' report and Note 3 to the consolidated financial statements included in this annual report, for the year ended December 31, 2024, none of the Company or any of its subsidiaries entered into any contracts of significance with the Controlling Shareholder or any of its subsidiaries other than the Company, nor was there any contracts of significance between the Company or any of its subsidiaries and the Controlling Shareholder or any of its subsidiaries other than the Company in relation to provision of services during the Reporting Period.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Contractual Arrangements" of this directors' report and Note 3 to the consolidated financial statements included in this annual report, for the year ended December 31, 2024, none of the Directors had, directly or indirectly, a material interest in any transaction, arrangement or contract to which the Company, any of its subsidiaries or fellow subsidiaries is a party and is of significance to the business of the Group.

MANAGEMENT CONTRACTS

From the Listing Date to the Latest Practicable Date, the Company has not signed or entered into any contract for the management and administration of all or any important part of its business.

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 of the Company, 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 8 and Note 9 to the consolidated financial statements in this annual report.

RETIREMENT AND EMPLOYEE BENEFITS SCHEMES

The Group only operate 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 Company's pension and employee benefit schemes are set out in Note 2.4 to the consolidated financial statements in this annual report.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES OR DEBENTURES

As of December 31, 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 (within the meaning of Part XV of the SFO) 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 (the "**Model Code**") set out in Appendix C3 to the Listing Rules, are as follows:

Interests in the Shares of the Company

Name of Director/ Chief executive	Nature of interests	Number of Shares	Approximate percentage of the total number of the Company's shares[2]
Mr. Xu Shiwei	Interest in controlled corporation[3]	329,861,880 (L)	16.52%
	Interest of a party to an agreement[4]	742,707,099 (L)	37.20%
Mr. Lyu Guihua	Interest in controlled corporation[5]	108,052,380 (L)	5.41%
Ms. Chen Yiling	Beneficial owner[6]	50,400,000 (L)	2.52%

Notes:

1. The letter "L" denotes a long position in these shares.
2. As of December 31, 2024, the Company had 1,996,644,474 issued shares in total.
3. Mr. Xu Shiwei is interested in 329,861,880 Shares held by Dream Galaxy, a company wholly owned by Mr. Xu Shiwei.
4. Under the Voting Proxy Arrangements, Mr. Xu Shiwei will be entitled to exercise the voting rights attached to 742,707,099 Shares in aggregate.
5. Mr. Lyu Guihua is interested in 108,052,380 shares held by Dustland, a company wholly owned by Mr. Lyu Guihua.
6. Ms. Chen Yiling is interested in 50,400,000 share options granted to her under the Pre-IPO Share Plan.

Save as disclosed above, during the year ended December 31, 2024, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which shall be 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.

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 corporation, 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 corporation, or had exercised any such right.

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

As of December 31, 2024, to the knowledge of the Directors, the following persons (not being Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares held	Approximate percentage of Shares in issue
Dream Galaxy	Beneficial owner[3]	329,861,880 (L)	16.5208%
	Interest of a party to an agreement	742,707,099 (L)	37.1978%
Ms. Zhou Pei	Interest of spouse[4]	329,861,880 (L)	16.5208%
Taobao China	Beneficial owner	324,912,456 (L)	16.2729%
Magic Logistics	Beneficial owner	228,437,469 (L)	11.4411%
MPCs[5]	Beneficial owner	146,454,957 (L)	7.3351%
Qiming Funds[6]	Beneficial owner	125,515,665 (L)	6.2863%
EverestLu	Beneficial owner	134,543,304 (L)	6.7385%
Dustland[7]	Beneficial owner	108,052,380 (L)	5.4117%
Ms. Chen Mingxing	Interest of spouse[8]	108,052,380 (L)	5.4117%

Notes:

1. The letter "L" denotes a long position in these shares.

2. As of December 31, 2024, the Company had 1,996,644,474 issued shares in total.

3. Dream Galaxy is a company wholly owned by Mr. Xu Shiwei.

4. Ms. Zhou Pei (周培) is the spouse of Mr. Xu Shiwei. Under SFO, Ms. Zhou is deemed to be interested in the same number of Shares in which Mr. Xu Shiwei is interested.

5. MPCs held 131,809,455 Shares through MPC II L.P. and 14,645,502 Shares through MPC II-A L.P., respectively.

6. Qiming Funds held 103,258,440 Shares through Qiming Venture Partners III, L.P., 19,002,663 Shares through Qiming Venture Partners III Annex Fund, L.P. and 3,254,562 Shares through Qiming Managing Directors Fund III, L.P., respectively.

7. Dustland is a company wholly owned by Mr. Lyu Guihua.

8. Ms. Chen Mingxing (陳明星) is the spouse of Mr. Lyu Guihua. Under the SFO, Ms. Chen is deemed to be interested in the same number of Shares in which Mr. Lyu Guihua is interested.

Save as disclosed above, as of December 31, 2024, to the knowledge of the Directors, no other persons (not being Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which are required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or which shall be entered in the register referred to in section 336 of the SFO.

PRE-IPO SHARE PLAN

The Company has adopted a Pre-IPO Share Plan on January 14, 2013, as supplemented and amended on June 13, 2014, July 12, 2017, October 25, 2018 and May 11, 2023.

(a) Purpose of the Pre-IPO Share Plan

The purposes of the Pre-IPO Share Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors, and consultants and to promote the success of our Company's business by offering these individuals or entities an opportunity to acquire a proprietary interest in the success of our Company, or to increase this interest by permitting them to acquire shares. The Pre-IPO Share Plan provides both for the direct award or sale of shares and for the grant of share options to purchase shares.

(b) Eligible Participants of the Pre-IPO Share Plan

(i) Only Service Providers, or trusts or companies established in connection with any employee benefit plan of the Company (including the Pre-IPO Share Plan) for the benefit of a Service Provider, are eligible for the grant of shares under the Pre-IPO Share Plan.

(ii) Only employees are eligible for the grant of share options under the Pre-IPO Share Plan.

"Employees" means (1) employees (including directors and officers) of our Company, our holding companies and our subsidiaries; and (2) our Directors.

"Service Providers" means (1) Employees; and (2) any person who is engaged by the Company, our holding companies, our subsidiaries or variable interest entity whose financial statements are intended to be consolidated with our Company, our holding companies or our subsidiaries to render bona fide consulting or advisory services to such entity and who is compensated for the services.

(c) Administration

The Pre-IPO Share Plan shall be administered by the chief executive officer of our Company or such other person approved and appointed by the Board as the administrator (the "**Administrator**") or his delegates.

(d) Grant of the shares or Right to Purchase shares

Pursuant to the Pre-IPO Share Plan, each grantee of the shares or the right to purchase shares (the "**Share Purchase Right**") is required to accept the award by entering into a share award agreement (the "**Share Award Agreement**") or a share purchase agreement (the "**Restricted Share Purchase Agreement**") (as the case may be), which set forth the terms and conditions of the relevant grant of shares or Share Purchase Right (as the case may be), with our Company.

(i) Duration of offers of Share Purchase Right – any Share Purchase Rights granted shall automatically expire if not exercised within 30 days (or such longer time as is specified in the Restricted Share Purchase Agreement) after the Date of Grant.

(ii) Purchase price – the purchase price, if any, shall be determined by the Administrator in its sole discretion as set forth in the applicable Restricted Share Purchase Agreement or Share Award Agreement.

(iii) Restrictions on Transfer of shares – any shares awarded or sold pursuant to Share Purchase Right shall be subject to such special forfeiture conditions, rights of repurchase or redemption, rights of first refusal, market stand-offs, and other transfer restrictions as the Administrator may determine. The restrictions described in the preceding sentence shall be set forth in the applicable Restricted Share Purchase Agreement or Share Award Agreement, as applicable, and shall apply in addition to any restrictions that may apply to holders of shares generally.

(e) Grant of the Share Options

Pursuant to the Pre-IPO Share Plan, each grantee of the share options is required to accept the share options by entering into an option agreement (the "**Option Agreement**"), which set forth the terms and conditions of the relevant grant of share options, with our Company. No consideration is required to be paid by the relevant grantee to accept the grant of share options.

(i) Time of exercise of option – each Option Agreement shall specify the date when all or any instalment of the option is to become exercisable. Each Option Agreement shall also specify the term of the relevant share options granted to an eligible person; provided, however, that the term shall not exceed ten (10) years from the date of grant.

(ii) Price of shares – the exercise price per share in respect of any particular share option granted under the Pre-IPO Share Plan shall be as set forth in the relevant Option Agreement.

(iii) Termination – unvested share options shall lapse and shall not be vested in the relevant selected grantee upon the occurrence of any of the following events:

- A grantee ceases to be a Service Provider for any reason other than because of death, then the grantee's share options shall expire on the earliest of the following occasions:

  (A) the expiration date of such share options;

  (B) the 30th day following the termination of the grantee's relationship as a Service Provider for any reason other than disability, or such later date as specify in the Option Agreement; or

  (C) the last day of the six-month period following the termination of the grantee's relationship as a Service Provider by reason of disability, or such later date as specify in the Option Agreement.

- In the case of that a grantee passes away while a Service Provider, then the grantee's share options shall expire on the earlier of the following dates:

  (A) The expiration date; or

  (B) The last day of the six-month period immediately following the grantee's death, or such later date as specify in the Option Agreement.

(f) Rights are personal to grantee

Any grant of shares, Share Purchase Right or share option is personal to the grantee and may be exercised in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party unless (i) by will or applicable laws of descent and distribution or pursuant to a qualified domestic relations order or (ii) by trusts or companies established in connection with any employee benefit plan of our Company (including the Pre-IPO Share Plan) for the benefit of a Service Provider or Service Providers.

(g) Ranking of shares

The shares awarded, purchased, or to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject as aforesaid, shares to be allotted on the exercise of options will rank pari passu and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the fully-paid shares in issue on the date of issue, in particular but without prejudice to the generality of the foregoing, in respect of voting, transfer and other rights including those arising on a liquidation of the Company and rights in respect of any dividend or other distributions paid or made on or after the date of issue.

(h) Maximum number of shares to be granted or issued

The maximum number of shares which may be granted or allotted and issued pursuant to the share options granted under the Pre-IPO Share Plan shall not exceed 18,107,143 shares (without taking into account effect of the Capitalization Issue) (as appropriately adjusted for subsequent stock splits, stock dividends and the like).

(i) Effect of alterations to capital

Subject to any required action by the members of the Company in accordance with applicable law, the class(es) and number and type of shares of each outstanding award (not being returned, cancelled or expired pursuant to the terms of the Pre-IPO Share Plan), as well as the purchase price per share or the exercise price per share option, shall be proportionately adjusted for any increase, decrease, or change in the number or type of outstanding shares or other securities of the Company or exchange of outstanding shares or other securities of the Company into or for a different number or type of shares or other securities of the Company or successor entity, or for other property (including, without limitation, cash) or other change to the shares resulting from a share split, reverse share split, share dividend, dividend in property other than cash, combination of shares, exchange of shares, combination, consolidation, recapitalization, reincorporation, reorganization, change in corporate structure, reclassification, or other distribution of the shares effected without receipt of consideration by the Company. The adjustment shall be made by our Board, whose determination shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of equity securities of the Company of any class, or securities convertible into equity securities of the Company of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number, type, or price of shares subject to an award.

(j) Termination

The Pre-IPO Share Plan shall terminate on the earlier of:

(i) The 20th anniversary date of the date of adoption; and

(ii) Such date of early termination as determined by the Board.

As of the Latest Practicable Date, no shares or the Share Purchase Right had been granted pursuant to the Pre-IPO Share Plan.

(k) Outstanding Grants

As of the Latest Practicable Date, the total number of outstanding share options granted under the Pre-IPO Share Plan is 14,654,577 options, and if exercised in full, representing approximately 0.73% of the issued share capital of our Company.

Particulars and movements of the share options granted to our Directors, members of our senior management and other employees of the Group under the Pre-IPO Share Plan during the Reporting Period are as follows:

Name or category of grantee	Position	Date of grant	Expiry date	Exercise price per share	Number of shares pursuant to the options granted as of January 1, 2024	Granted during the year ended December 31, 2024	Exercised during the year ended December 31, 2024	Cancelled during the year ended December 31, 2024	Lapsed during the year ended December 31, 2024	Number of Shares subject to outstanding options as of December 31, 2024
Director										
Chen Yiling	Executive Director	October 8, 2014 November 25, 2018 January 25, 2019 August 25, 2020 October 25, 2022	October 8, 2034 November 25, 2028 January 25, 2029 August 25, 2030 October 25, 2032	US$0.0459 to US$0.1889	50,400,000	–	–	–	–	50,400,000
Senior Management										
Han Bin	Chief Financial Officer	May 25, 2023	May 25, 2033	US$0.1667	18,000,000	–	–	–	–	18,000,000
Zhang Yuanhao	Head of finance department and joint company secretary	August 25, 2015 March 25, 2016 September 25, 2019 April 25, 2022	August 25, 2025 March 25, 2026 September 25, 2029 April 25, 2032	US$0.0459 to US$0.3000	765,000	–	–	–	–	765,000
Li Lina	Head of human resources department	February 25, 2018 September 25, 2019 August 25, 2020 May 25, 2023	February 25, 2028 September 25, 2029 August 25, 2030 May 25, 2033	US$0.1667 to US$0.3000	1,089,684	–	–	–	–	1,089,684
Jiang Wenlong	Deputy chief technical officer	August 1, 2013 August 1, 2014 November 25, 2018 January 25, 2019 November 25, 2022	August 1, 2033 August 1, 2034 November 25, 2028 January 25, 2029 November 25, 2032	US$0.0150 to US$0.01667	9,900,000	–	–	–	–	9,900,000
Other										
Other employees	N/A	From August 1, 2013 to August 25, 2024	From June 5, 2025 to August 25, 2034	US$0.015 to US$1.5	48,631,509	5,253,750[1]	–	2,814,750	–	51,070,509
Total					128,786,193	5,253,750	–	2,814,750	–	131,225,193

Notes:

(1) During the year ended December 31, 2024, the Company granted (i) a total of 106,000 options (i.e. 954,400 shares as adjusted by Capitalization Issue) to 17 non-director and non-senior management employees on May 25, 2024 with an exercise price of US$1.5 per share. Pursuant to the respective option agreement, one-fourth of the options granted shall be vested after 11 months and 1/48 thereof shall be vested for every month hereinafter; and (ii) a total of 477,750 options (i.e. 4,299,750 shares as adjusted by Capitalization Issue) to nine non-director and non-senior management employees on August 25, 2024 with an exercise price of US$1.5 per share. Pursuant to the respective option agreement, one-fourth of the options granted shall be vested after first year and 1/48 thereof shall be vested for every month hereinafter. There is no performance target to the exercise of the share options. For details of the fair value of the options granted and the relevant accounting standard and policy adopted during the year ended December 31, 2024, please refer to note 29 to the audited financial statements included in this annual report.

(2) There are no share options granted to suppliers of goods or services or other participants under the Pre-IPO Share Plan.

(3) The validity period of the granted options will be ten years from the date of grant.

During the Reporting Period, save as disclosed above, the Company did not grant or agree to grant any other Share Options pursuant to the Pre-IPO Share Plan.

As of the Latest Practicable Date, taking into account the options granted, repurchased and lapsed, all the options available for granting under the Pre-IPO Share Plan have been fully granted and no further options could be granted pursuant to the Pre-IPO Share Plan.

POST-IPO SHARE OPTION SCHEME

The Company has adopted a Post-IPO Share Option scheme approved by a written resolution passed by the then Shareholders on September 25, 2024 and has taken effect from the Listing Date (the "**Post-IPO Share Option Scheme**").

(a) Purpose of the Post-IPO Share Option Scheme

The purpose of the Post-IPO Share Option Scheme is to enable our Company to grant share options ("**Share Options**") to Eligible Participants (as defined below) as incentives or rewards for their contribution or potential contribution to our Company and/or any of its subsidiaries, to retain high-calibre employees and to maintain long term relationships with Service Providers (as defined below). The Directors consider that it is appropriate to reward selected participants' contribution to our Group by granting Share Options to them since it will link the value of our Company with the interests of the selected participants and will provide them with an incentive to work for the interests of our Group.

(b) Eligible Participants of the Post-IPO Share Option Scheme

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants ("**Eligible Participants**"), to take up Share Options to subscribe for Shares:

1. Directors and employees of any member of our Group (including persons who are granted Share Options or awards under the scheme as an inducement to enter into employment contracts with any member of our Group) (the "**Employee Participants**");

2. Directors and employees of the holding companies, fellow subsidiaries or associated companies of our Company (the "**Related Entity Participants**"); and

3. Persons who provide services to our Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of our Group and exclude (for the avoidance of doubt) (A) placing agents or financial advisers providing advisory services for fund-raising, mergers or acquisitions, (B) professional service providers (such as auditors or valuers) who provide assurance, or are required to perform their services with impartiality and objectivity ("**Service Providers**"), who fall under the following category or categories or who may meet with the eligibility criteria below:

   i. suppliers: Service Providers under this category are mainly suppliers, which supply cloud services and electronic equipments

   ii. contractors, agents, consultants and advisers: Service Providers under this category are mainly independent contractors, agents, consultants and advisers who provide design, research, development or other support or any advisory, consultancy, professional or other services to our Group on areas relating to our Group's main businesses and/or other principal business activity(ies) that may be carried out by our Group from time to time, or on areas that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of our Group by way of introducing new customers or business opportunities to our Group and/or applying their specialised skills and/or knowledge in the abovementioned fields; or

   iii. business and joint venture partners: Service Providers under this category are mainly business and joint venture partners who provide services to our Group on areas that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of our Group by way of introducing new customers or business opportunities to our Group.

   The eligibility of any of the Eligible Participants to the grant of Share Options shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his/her contribution to the development and growth of our Group

(c) Offer and grant of Share Options

No grant of Share Options shall be made after inside information has come to our Company's knowledge until (and including) the trading day after our Company has announce such inside information pursuant to the requirements of the Listing Rules. In particular, no Share Options shall be granted 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 our 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 our Company to publish an announcement of results for any year or half-year period in accordance with the Listing Rules (whether or not required under the Listing Rules).

If the Board determines to offer a Share Options to an Eligible Participant, the Board shall forward to the relevant Eligible Participant a letter which states (the "**Offer Letter**"), among others, (a) the Eligible Participant's name, address and occupation; (b) the Offer Date (as defined below); (c) the acceptance date; (d) the commencement date of the Share Option Period (as defined below); (e) the Vesting Period (as defined below) and vesting conditions (if any); (f) the number of Shares in respect of which the Share Option is offered; (g) the Exercise Price (as defined below) and the manner of payment of the Exercise Price for the Shares on and in consequence of the exercise of the Share Option; (h) the expiry date in relation to that Share Option; (i) the method of acceptance of the Share Option; and (j) such other terms and conditions relating to the offer of the Share Option which in the opinion of the Board are fair and reasonable but not being inconsistent with the Post-IPO Share Option Scheme and the Listing Rules.

An offer of the grant of a Share Option ("**Offer**") shall be deemed to have been accepted and to have taken effect when the duplicate letter comprising acceptance of offer duly signed by the grantee ("**Scheme Grantee**") with the number of Shares in respect of which such offer is accepted clearly stated therein, together with a remittance in favor of our Company of HK$1.0 by way of consideration for the grant thereof is received by our Company with 7 days from the Offer Date (as defined below). Such remittance shall in no circumstances be refundable and shall be deemed as part payment of the exercise price. Once accepted, the Share Option is granted as from the Offer Date (as defined below).

(d) Exercise price

The exercise price of a Share Option ("**Exercise Price**") shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option (and shall be stated in the Offer Letter), but in any case the Exercise Price shall must be at least the higher of:

1. the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant, which must be a Business Day (the "**Offer Date**");

2. the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and

3. the nominal value of a Share.

(e) Maximum number of Shares and maximum entitlement of an Eligible Participants

The maximum number of Shares in respect of which Share Options granted under the Post-IPO Share Option Scheme or Share Options and awards granted under the other schemes may be granted is ten (10) per cent. (the "**Scheme Mandate Limit**") of the Shares in issue as of the Listing Date. For the avoidance of doubt, awards already granted before Listing under the Pre-IPO Share Plan will not affect this scheme limit, which relates to awards to be granted after this scheme becomes effective (being the Listing Date).

The maximum number of Shares in respect of which Share Options granted under the Post-IPO Share Option Scheme or Share Options and awards granted under the other schemes may be granted to the Service Providers is two (2) per cent. (the "**Service Provider Sublimit**") of the Shares in issue as of the Listing Date, which is within the Scheme Mandate Limit. The basis for determining the Service Provider Sublimit includes the potential dilution effect arising from grants to the Service Providers, and the importance of striking a balance between achieving the purpose of the Post-IPO Share Option Scheme and protecting Shareholders from the dilution effect from granting a substantial amount of Share Options to the Service Providers, the actual or expected increase in our Group's revenue or profits which is attributable to the Service Providers, the extent of use of Service Provider in our Group's business, the current payment and/or settlement arrangement with the Service Providers, and the fact that our Company expects that a majority of Share Options will be granted to Employee Participants and as such there is a need to reserve a larger portion of the Scheme Mandate Limit for grants to the Employee Participants. Given the above, the Directors considered that a sublimit of 2% would not lead to an excessive dilution of existing Shareholders' holdings.

Considering that there are no other share schemes involving grant of Share Options over new Shares, our Group's hiring practice and organisational structures and that the Service Providers have contributed to the long-term growth of our businesses, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable as it provides flexibility to grant Share Options to the Service Providers to achieve the purpose of the Post-IPO Share Option Scheme and the low threshold of 2% can provide adequate safeguard against excessive dilution.

Share Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit and the Service Provider Sublimit.

Our Company may seek approval of the Shareholders, any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding independent non-executive directors) and the chief executive of our Company and their respective associates) in general meeting for refreshing the Scheme Mandate Limit (including the Service Provider Sublimit) after three (3) years from the date of the Shareholders' approval for the last refreshment or the adoption of the Post-IPO Share Option Scheme.

The total number of Shares which may be issued in respect of all options and awards to be granted under all of the schemes of the listed issuer under the scheme mandate as "refreshed" must not exceed 10% of Shares in issue (excluding treasury Shares) as of the date of approval of the refreshed scheme mandate. A circular containing the information required under the Listing Rules shall be sent to the Shareholders in connection with the meeting at which their approval will be sought.

The total number of Shares issued and to be issued upon exercise of the Share Options and awards granted to each Eligible Participant (excluding any awards lapsed in accordance with the terms of the Post-IPO Share Option Scheme) in any 12-month period shall not exceed 1% of the Shares in issue (excluding treasury Shares) (the "**Individual Limit**"). Any further grant of Share Options or awards to an Eligible Participant which would result in the Shares issued and to be issued upon exercise of all Share Options and awards granted and to be granted to such Eligible Participant (excluding any awards lapsed in accordance with the terms of the Post-IPO Share Option Scheme) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to our Shareholders' approval in general meeting with such Eligible Participant and his or her close associates (as defined under the Listing Rules, or his or her associate if the Participant is a connected person) abstaining from voting. A circular containing the information required under the Listing Rules shall be sent to the Shareholders. The number and terms (including the exercise price) of the Share Options to be granted to such Scheme Grantee must be fixed before the Shareholders' approval is sought and the date of the meeting of the Board for proposing such further grant of Share Option should be taken as the date of grant for the purpose of calculating the exercise price.

(f) Grant of Share Options to Directors, Chief Executive or Substantial Shareholders or any of their respective associates

Any grant of Share Options to an Eligible Participant who is a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or their respective associates shall be approved by the independent non-executive Directors (excluding any independent non-executive director who is the grantee of the options or awards).

Where our Board proposes to grant any option to an Eligible Participant who is an independent non-executive Director of our Company or a substantial shareholder (with the meaning as ascribed under the Listing Rules) of our Company, or any of their respective associates would result in our Shares issued and to be issued upon exercise of all Share Options and awards already granted and to be granted under the Post-IPO Share Option Scheme and any other share schemes of our Company (excluding any options and awards lapsed in accordance with the terms of the Post-IPO Share Option Scheme) to him/her in the 12-month period up to and including the proposed Offer Date of such grant representing in aggregate more than 0.1% of the total number of Shares in issue (excluding treasury Shares) on the Offer Date, such grant shall be subject to, in addition to the approval of the independent non-executive Directors, the issue of a circular by our Company to its shareholders and the approval of the Shareholders in general meeting at which the relevant Scheme Grantee, his/her associates and all core connected persons of the listed issuer must abstain from voting in favour at such general meeting.

Any change in the terms of Share Options or awards granted to any Scheme Grantee who is a Director, chief executive or substantial shareholder of our Company, or any of their respective associates, must be approved by the Shareholders in general meeting (with such Scheme Grantee, his associates and all core connected person of our Company abstaining from voting in favour), if the initial grant of the Share Options or awards requires such approval (except where the changes take effect automatically under the existing terms of the Post-IPO Share Option Scheme). In such connection, our Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing).

(g) Exercise of Share Options

A Share Option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during the period to be determined by our Board at its absolute discretion and notified by our Board to each Scheme Grantee as being the period during which a Share Option may be exercised and in any event, such period shall not be longer than ten (10) years from the date upon which any particular option is granted in accordance with the Post-IPO Share Option Scheme ("**Share Option Period**")

Our Company has no intention to use treasury shares, if any, for the Post-IPO Share Option Scheme.

(h) Vesting

The vesting period for all Share Options granted under the Post-IPO Share Option Scheme (the "**Vesting Period**") shall be the period starting from the Offer Date and ending on the date that the respective Scheme Grantee becomes entitled to exercise his Share Option. The Vesting Period shall not be less than twelve (12) months. A shorter vesting period may be granted to the Employee Participants at the discretion of the Board in any of the following circumstances:

1. Grants of "make-whole" Share Options to new joiners to replace the share awards or Share Options they forfeited when leaving the previous employer;

2. Grants to an Employee Participant whose employment is terminated due to death, ill-health, injury or disability or occurrence of any out of control event;

3. grants that are made in batches during a year for administrative and compliance reasons, which include Share Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Share Option would have been granted;

4. grants with a mixed or accelerated vesting schedule such as where the Share Option may vest evenly over a period of 12 months; and

5. grants with performance-based vesting conditions in lieu of time-based vesting criteria.

It is considered that by having the flexibility of having a shorter vesting period, our Group will be in a better position to attract and retain such Eligible Participants to continue serving our Group whilst at the same time providing them with further incentive in achieving the goals of our Group, and thereby, to achieve the purpose of the Post-IPO Share Option Scheme.

(i) Performance target and clawback mechanism

Share Options granted under the Post-IPO Share Option Scheme shall be subject to such vesting conditions as set forth in the Scheme and the respective Offer Letter. Subject to the terms of the Offer Letter, there is no specific performance target that must be achieved before a Share Option could be exercised by the Scheme Grantee and there is no clawback mechanism to recover or withhold the remuneration (which may include any Share Options granted) to any Scheme Grantee.

(j) Share Options are personal to the Scheme Grantee

Save for a transfer of Share Option to a vehicle for the benefit of the Scheme Grantee and any family members of such Scheme Grantee which is subject to the grant of waiver by the Stock Exchange, a Share Option shall be personal to the Scheme Grantee and shall not be assignable or transferable. No Scheme Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any Share Option, except for the transmission of a Share Option on the death or incapacitation of the Scheme Grantee to this personal representative(s) according to the terms of the Post-IPO Share Option Scheme.

(k) Rights upon death, termination of employment, our Directorship, office or appointment

In the event of the Scheme Grantee ceasing to be an Eligible Participant for any reason other than on his death, ill-health, injury, disability or the termination of his relationship with our Group on one or more of the grounds, such as being guilty of serious misconduct or has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee or consultant of our Company and/or any of its Subsidiaries (if so determined by the Board), or any other ground on which an employer would be entitled to unilaterally terminate his employment or service at common law or pursuant to any applicable laws or under the Scheme Grantee's service contract with our Company or the relevant subsidiary (the "**Specified Grounds**"), the Scheme Grantee may exercise the Share Option up to his entitlement at the date of cessation of being an Eligible Participant (to the extent not already exercised) within the period of one month (or such longer period as the Board may determine) following the date of such cessation (which date shall be, in relation to a Scheme Grantee who is an Eligible Participant by reason of his employment with our Company or any of its subsidiaries, the last actual working day with our Company or the relevant Subsidiary whether salary is paid in lieu of notice or not).

In the case of the Scheme Grantee ceasing to be an Eligible Participant by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events under the Specified Grounds has occurred, the Scheme Grantee or the Personal Representative(s) of the Scheme Grantee shall be entitled within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Participant or death to exercise the Share Option in full (to the extent not already exercised).

As stated in the paragraph headed "(h) Vesting" above, the Board may grant a shorter Vesting Period (i.e. less than 12 months) to Employee Participants whose employment is terminated due to death, ill-heath, injury or disability. Should such circumstance occur within 12 months from the Offer Date, the Board may at its discretion grant a shorter Vesting Period to the Scheme Grantee and allow the Scheme Grantee or the personal representative(s) of the Scheme Grantee to exercise the Share Option in full (to the extent not already exercised). The Board believes the flexibility of granting a shorter Vesting Period in exceptional circumstances is essential and should be exercised on a case-by-case basis only

(l) Rights on takeover

In the event of a general or partial offer, whether by way of takeover offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of our Shares (or all such holders other than the offer or and/or any person controlled by the offer or and/or any person acting in association or concert with the offeror), our Company shall use all reasonable endeavours to procure that such offer is extended to all the Scheme Grantees on the same terms, mutatis mutandis, and assuming that they will become, by exercise in full of the Share Options granted to them, Shareholders. If such offer becomes or is declared unconditional, a Scheme Grantee shall be entitled to exercise his option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

(m) Rights on a compromise or arrangement

In the event of a compromise or arrangement between our Company and its creditors (or any class of them) or between our Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Scheme Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such scheme or arrangement, and thereupon any Scheme Grantee (or her legal personal representative(s)) shall be entitled to exercise all or any of his Share Options in whole or in part at any time prior to 12 noon (Hong Kong time) on the Business Day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there is more than one meeting for such purpose, the date of the first meeting. Our Company may thereafter require such Scheme Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his or her or its option so as to place the Scheme Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(n) Adjustments to the Exercise Price

In the event of a capitalization issue, rights issue, consolidation or sub-division of Shares, or reduction of the share capital of our company while a Share Option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being or an independent financial adviser to our company as fair and reasonable will be made to (a) the number of Shares subject to the Post-IPO Share Option Scheme or any share option relates (insofar as it is/they are unexercised); and/or (b) the Exercise Price; and/or (unless the relevant Scheme Grantee elects to waive such adjustment) the number of Shares comprised in a Share Option or which remains comprised in a Share Option, provided that (i) any such adjustment shall give a Scheme Grantee the same proportion of the issued shares in our company (round to the nearest whole share) as that to which such Scheme Grantee was entitled immediately prior to such adjustment; (ii) no such adjustment may be made to the extent that a Share would be issued at less than its nominal value; (iii) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring any such adjustment; and (iv) any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

(o) Lapse of Share Options

A Share Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

1. the expiry of the Share Option Period;

2. the date of the expiry of the periods for exercising the Share Option;

3. the date of which he offer (or as the case may be, revised offer) closes;

4. the date of the commencement of the winding-up of our Company (as determined in accordance with the Cayman Companies Act);

5. the date on which the Scheme Grantee ceases to be an Eligible Employee by reason of the termination of his or her employment on any one or more of the grounds that he or she voluntarily resigns, or has been guilty of misconduct or has found to have breached the terms of employment during his or her employment (regardless of whether such employment contract has already been terminated) leading to a material loss or damage to our Group, or his or her employment has terminated by reason of the failure of such employment to pass the annual evaluation, or has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his or her employment at law or pursuant to any applicable laws or under the Scheme Grantee's service contract with our Company or the relevant subsidiary. A resolution of the Board or board of directors of the relevant subsidiary to the effect that employment of a Scheme Grantee has or has not been terminated shall be conclusive;

6. the date on which the Scheme Grantee commits a breach or the Share Options are cancelled in accordance with the Post-IPO Share Option Scheme; or

7. the date that is 30 days after the date on which the Scheme Grantee's employment is terminated by our Company and/or any of its subsidiaries on a ground other than those set forth in (k) above.

(p) Ranking of Shares allotted upon exercise of Share Options

The Shares to be allotted upon the exercise of a Share Option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of our Company as attached to the fully paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue.

Share issued on the exercise of a Share Option shall not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

(q) Duration of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain in force for a period of ten (10) years commencing on the date on which the Post-IPO Share Option Scheme is adopted.

(r) Cancellation of Share Options granted

Any cancellation of Share Options granted must be approved in writing by the Scheme Grantees of the relevant Share Options. Where our Company cancels Share Options, the grant of new Share Options to the same Scheme Grantee may only be made with available unissued Share Options (excluding the Share Options so cancelled) within the Scheme Mandate Limit or the new limits approved by the Shareholders.

(s) Termination of the Post-IPO Share Option Scheme

Our Company may terminate the operation of the Post-IPO Share Option Scheme at any time by resolution of the Board or resolution of our Shareholders in general meeting and in such event no further option will be offered but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of the Share Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Share Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Post-IPO Share Option Scheme.

(t) Alteration of the provisions of the Post-IPO Share Option Scheme

Any alterations to the terms and conditions of the Post-IPO Share Option Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules or relating to the advantage of the Scheme Grantees or the Eligible Participants (as the case may be) must be made with the prior approval of the shareholders of our Company in general meeting at which any persons to whom or for whose benefit the Shares may be issued under the Post-IPO Share Option Scheme and their respective associates shall abstain from voting, provided always that the amended terms of the Post-IPO Share Option Scheme shall continue to comply with the relevant provisions of the Listing Rules and any other applicable laws.

Any change to the terms of Share Options granted to a participant must be approved by the Board, the remuneration committee, the independent non-executive Directors and/or the shareholders of our Company (as the case may be) if the initial grant of the Share Options was approved by the Board, the remuneration committee, the independent non-executive Directors and/or the shareholders of our Company (as the case may be) (except any alterations which take effect automatically under the terms of the Post-IPO Share Option Scheme).

Any change to the authority of the Board to alter the terms of the Post-IPO Share Option Scheme must be approved by the Shareholders in general meeting.

During the period from the Listing Date to December 31, 2024, the Company did not grant or agree to grant any Share Options pursuant to the Post-IPO Share Option Scheme. The total number of Shares that may be issued under the Post-IPO Share Option Scheme is 199,664,447 Shares, representing 10% of the total number of issued Shares (i.e. 1,996,644,474 shares) as of the Latest Practicable Date.

EQUITY-LINKED AGREEMENT

Except as disclosed in the section headed "Post-IPO Share Option Scheme" above, there was no equity-linked agreement entered into by the Company or subsisting during the year ended December 31, 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period from the Listing Date to December 31, 2024, none of the Company or any of its subsidiaries or its Consolidated Affiliated Entities had purchased, sold or redeemed any of the listed securities (including sale of treasury shares) of the Company. As of December 31, 2024, there were no treasury shares held by the Company.

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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period and up to the Latest Practicable Date, none of the Directors or their associates has any interest in any business that directly or indirectly competes with or may compete with the business of the Group.

CONNECTED TRANSACTIONS

For the year ended December 31, 2024, certain related party transactions described in Note 34 to the consolidated financial statements in this annual report constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and are in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

The Company has conducted the following continuing connected transactions which are required to be disclosed in the annual report under the Hong Kong Listing Rules during the year ended December 31, 2024.

Purchases under the Framework Agreement with Alibaba Cloud Computing Co., Ltd.

Background

During the Reporting Period, we purchased cloud services and electronic equipments from Alibaba Cloud Computing Co., Ltd., which is an associate of Taobao China Holding Limited, one of our substantial shareholders. Pursuant to the framework sales and purchase agreement with Alibaba Cloud Computing Co., Ltd. on June 15, 2023 (the "**Framework Agreement**"), our Group will enter into separate purchases agreement which specify precise scope, specific terms and conditions, method of payment and calculation of consideration for purchases from Alibaba Cloud Computing Co., Ltd. as and when necessary. The initial term of the Framework Agreement will commence on the Listing and expire on December 31, 2025.

Pricing Policies

Before entering into any individual agreement with Alibaba Cloud Computing Co., Ltd., where similar services or products are available in the market, we will make reference to the prevailing market rates for similar services and products provided by other third-party service/product providers. In addition, the purchase price will be determined with reference to the pricing terms of services and products of comparable quality, quantity, specifications and required time of delivery (where applicable) offered by the independent suppliers to our Group, which should include quotations from at least three independent service/product providers (where available) on our Group's approved suppliers' list. We will only enter into an individual agreement when the terms of such agreement is in the best interests of our Company and our Shareholders as a whole.

Reasons for the transactions

Alibaba Cloud Computing Co., Ltd. is one of the largest cloud services providers in China. We have established long-term cooperation relationship with Alibaba Cloud Computing Co., Ltd. since 2017 and throughout the years, we believe that we have mutual understanding of each other's operation, quality control and specific requirements. Alibaba Cloud Computing Co., Ltd. is capable of supplying our Group with products and/or services in a reliable manner with terms not less favourable than other suppliers in the market, which will ensure the smooth business operation of our Group. Therefore, we expect to continue to purchase products and/or services provided by the Alibaba Cloud Computing Co., Ltd. after the Listing. Our Directors are of the view that purchases from Alibaba Cloud Computing Co., Ltd. have been and will continue to be conducted in our Group's ordinary and usual course of business.

Annual cap and historical amount

For the year ended December 31, 2024, the annual cap for the purchases from Alibaba Cloud Computing Co., Ltd.. is set at RMB50,000,000. The aggregate provision of the cloud services by Alibaba Cloud Computing Co., Ltd. for the year ended 31 December 2024 was RMB25,775,000.

Review by and Confirmation of Independent Non-executive Directors

The independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that such transactions were: (i) carried out in the ordinary and usual course of business of the Group; (ii) made on normal or better commercial terms (as defined in the Hong Kong Listing Rules); and (iii) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable, and in the interests of the Shareholders as a whole.

Reporting accountant's report on the Group's continuing connected transactions

In respect of the disclosed continuing connected transactions, the reporting accountant of our Company has confirmed that:

a. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.

c. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

d. with respect to the aggregate amount of each of the continuing connected transactions set out in the attached list of continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

e. with respect to the disclosed continuing connected transactions with the Consolidated Affiliated Entities under the contractual arrangements, nothing has come to their attention that causes them to believe that dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of the equity interests of the Consolidated Affiliated Entities which are not otherwise subsequently assigned or transferred to the Group.

Save as disclosed above and in the section headed "Contractual Arrangements" of this directors' report, during the Reporting Period, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the Reporting Period are set out in note 34 to the consolidated financial statements included the annual report.

The related party transactions disclosed in notes 34 were not regarded as connected transactions or were exempt from reporting, announcement and shareholders' approval requirements under the Hong Kong Listing Rules.

CONTRACTUAL ARRANGEMENTS

Reasons for Entering into Existing and New Contractual Arrangements

Foreign investment activities in the PRC are mainly governed by the Catalog and the Special Administrative Measures for Access of Foreign Investment (Negative List) (2020 Edition) (the "**Negative List**", together with the Catalog, the "**Relevant PRC Regulations**"), promulgated and amended from time to time jointly by the Ministry of Commerce of the People's Republic of China and the National Development and Reform Commission of the People's Republic of China. Pursuant to the Relevant PRC Regulations, foreign investments in certain industries are subject to restriction or prohibition.

Below table sets out a summary of our businesses and the corresponding business sectors which are subject to foreign investment restriction or prohibition carried out by our PRC operating company under the Relevant PRC Regulations as confirmed by our PRC Legal Advisors:

Operating company of the Group	Description of business	Business sector under the Relevant PRC Regulations	Licenses required for the relevant businesses	Category under the Relevant PRC Regulations
Qiniu Information	Cloud services including clouding computing, storage and delivery	Internet data center services, internet access services, domestic internet protocol virtual private network services and content delivery network services	VAT License (Business types and coverage: Internet data center services, internet access services, domestic internet protocol virtual private network services and content delivery network services)	Prohibited
Qiniu Shenzhen	Cloud services including clouding computing and delivery	Content delivery network services and Internet data center services	VAT License (Business types and coverage: Content delivery network services and Internet data center services)	Prohibited
Beijing Kongshan	As of the Latest Practicable Date, Beijing Kongshan did not carry out any substantive business, and intended to develop cloud service relating to Internet data center services	Internet data center services	VAT License (Business types and coverage: Internet data center services) ("**IDC License**")	Prohibited
Qiniu Jiaxing	Cloud services including clouding computing, storage and delivery	Internet data center services, internet access services, domestic internet protocol virtual private network services and content delivery network services	VAT License (Business types and coverage: Internet data center services, internet access services, domestic internet protocol virtual private network services and content delivery network services)	Prohibited

In order to comply with PRC laws and regulations while availing ourselves of international capital markets and maintaining effective control over all of our business operations, we determined that it was not viable for the Company to hold Qiniu Information, Beijing Kongshan, Qiniu Shenzhen and Qiniu Jiaxing directly or indirectly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, we would gain effective control over the Consolidated Affiliated Entities and Qiniu Jiaxing through the Existing Contractual Arrangements and New Contractual Arrangements, respectively.

We, through Shanghai Kongshan, entered into the Existing Contractual Arrangements with the Registered Shareholders and the Consolidated Affiliated Entities on May 11, 2023 and June 21, 2024, pursuant to which, Shanghai Kongshan has acquired effective control over the financial and operational policies of the Consolidated Affiliated Entities and has become entitled to all the economic benefits derived from their operations.

Given that the Consolidated Affiliated Entities have obtained the necessary license and value-added telecommunication business license for all our business operations, the Board believes that the Consolidated Affiliated Entities are of great significance to the Group.

We, through Jiaxing Kongshan, entered into the New Contractual Arrangements with the Registered Shareholders and Qiniu Jiaxing on February 21, 2025, pursuant to which, Jiaxing Kongshan has acquired effective control over the financial and operational policies of Qiniu Jiaxing and has become entitled to all the economic benefits derived from its operations.

Summary of the Material Terms of Existing Contractual Arrangements

(a) Exclusive Business Cooperation Agreements

Each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen entered into an exclusive business cooperation agreement with Shanghai Kongshan on May 11, 2023 and June 21, 2024 (the "**Exclusive Business Cooperation Agreements**"), pursuant to which, in exchange for a service fee, Shanghai Kongshan agreed to provide each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen with technical support, consultation and other services, including but not limited to:

- conducting market research and providing marketing consulting services;
- providing advertising brokerage and agency services;
- providing content search, finding and processing services;
- providing short-term and medium-term market development and market planning services;
- providing management consulting services and support, and assisting each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen in introducing advanced management concepts and models;
- providing website maintenance and network security services;
- providing business-related software and hardware development and research services;
- providing technology development, technology consultation, technology transfer, and technology promotion services;

- providing intellectual property licensing services, for each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen to carry out business activities through these intellectual property rights;

- providing other technical services;

- providing public relations services;

- providing agency sales services;

- providing consulting services and support for each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen's labor and employment, including but not limited to organizing and implementing training and assessment for administrative personnel, management personnel and other personnel, assisting in establishing a sound human resource management system and achieving a good allocation of human resources;

- according to the business needs of each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen, provide relevant administrative management, internal approval monitoring and asset management consulting services; and

- other relevant services requested by Beijing Kongshan, Qiniu Information and Qiniu Shenzhen from time to time to the extent permitted under the PRC laws.

Subject to compliance with the relevant PRC laws and regulations, the service fee under the Exclusive Business Cooperation Agreements shall consist of 100% of the total consolidated before-tax profits without calculation of technical consulting and service fees under the Exclusive Business Cooperation Agreements of each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen, after offset by any accumulated deficit in respect of the preceding financial year(s) (if any) and deducting necessary operating costs, expenses and taxes. Notwithstanding the foregoing, Shanghai Kongshan is entitled to adjust the amount of services fees with reference to the specific circumstances of the provision of technical advice and services, the operating conditions and development needs of each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen. The service fees shall be calculated and paid quarterly.

Shanghai Kongshan shall provide the above services to each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen on an exclusive basis, which means that not only does each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen agree to accept the above services provided by Shanghai Kongshan, each of them also agrees that, during the term of the Exclusive Business Cooperation Agreements, without prior written consent of Shanghai Kongshan, each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen shall not (1) directly or indirectly accept services provided by any third party, that are identical or similar to the services contemplated in the Exclusive Business Cooperation Agreements; or (2) establish cooperation relationships similar to that formed by the Exclusive Business Cooperation with other entities, enterprises or any third party.

(b) Exclusive Option Agreements

Each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen entered into an exclusive option agreement with Shanghai Kongshan and the Registered Shareholders on May 11, 2023 and June 21, 2024 (the "**Exclusive Option Agreements**"), pursuant to which (i) Shanghai Kongshan (or its designee(s)) was granted an irrevocable and exclusive right to purchase from the Registered Shareholders all or any part of their equity interests in each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen, at any time and from time to time, at the lowest price legally permissible under the applicable laws of PRC (the "**Share Purchase Rights**"); and (ii) Shanghai Kongshan (or its designee(s)) was granted an irrevocable and exclusive right to purchase from each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen all or any part of the assets of each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen at any time and from time to time, the lowest price legally permissible under the applicable laws of the PRC (the "**Asset Purchase Rights**", together with the Shares Purchase Rights, the "**Exclusive Option Rights**").

(c) Equity Pledge Agreements

Each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen entered into an equity pledge agreement with Shanghai Kongshan and the Registered Shareholders on May 11, 2023 and June 21, 2024 (the "**Equity Pledge Agreement**"), pursuant to which the Registered Shareholders agreed to pledge all of their current and future respective equity interests in each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen as first priority to Shanghai Kongshan to guarantee all direct, indirect, consequential losses and loss of predictable benefits suffered by Shanghai Kongshan due to any breach of contract by the Registered Shareholders and/or each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen, the Registered Shareholders and each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen shall perform in full and on time under the Contractual Arrangements, including but not limited to the payment by each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen to Shanghai Kongshan of the consulting and service fees specified in the Contractual Arrangements (whether or not such fees are due and payable due to the due date, early collection requirements or other reasons).

(d) Powers of Attorney

Each of Registered Shareholders executed a powers of attorney on May 11, 2023 and June 21, 2024 (the "**Powers of Attorney**"), pursuant to which the Registered Shareholders unconditionally and irrevocably appoint Shanghai Kongshan or its designee(s) (including but not limited to our Directors and their successors and liquidators replacing our Directors but excluding the Registered Shareholders) as each of their sole and exclusive attorney-in-fact, to exercise on their behalf, all the rights that each of them has as the shareholders of each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen as set out in the then-valid articles of association of each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen.

(e) Spouse Undertakings

The spouse of each of the Registered Shareholders has signed an undertaking (collectively, the "**Spouse Undertakings**") to the effect that, among others, (i) she confirms and agrees that in whatever circumstances, the equity interests (together with any other interests therein) of each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen held and to be held by each of the Registered Shareholders are personal properties of the Registered Shareholders and do not fall within the scope of communal properties held by the spouses together. The Registered Shareholders may solely determine to pledge, sell or otherwise dispose such equity interests without consent of the spouse; (ii) she unconditionally and irrevocably waives any rights or interests that may be granted to her under the applicable laws of any jurisdictions in respect of equity interests in each of Beijing Kongshan, Qiniu Information and Qiniu Shenzhen, and she undertakes not to claim such rights or interests; (iii) no authorization or consent of her is required for the performance, modification or termination of the Contractual Arrangements or execution of other documents in place of any agreements under the Contractual Arrangements; (iv) she will execute all necessary documents and take all necessary actions to ensure the due performance of the Contractual Arrangements; (v) she will not, at any time, take any actions in conflict with the Spouse Undertakings and the Contractual Arrangements; and (vi) she will not take any actions to prevent the performances under the Contractual Arrangements in any circumstances.

(f) Confirmations from Registered Shareholders

Pursuant to the agreements under the Contractual Arrangements, each of the Registered Shareholders undertakes to Shanghai Kongshan that, in the event of death, loss of capacity, divorce, bankruptcy, or any other circumstances regarding the Registered Shareholders which may affect the exercise of his equity interests in Beijing Kongshan, Qiniu Information and Qiniu Shenzhen, the Registered Shareholder's successor, liquidator and any other person/entity which may as a result of the above events obtain the equity interest or relevant rights directly or indirectly shall not prejudice or hinder the enforcement of the Contractual Arrangements.

For further details of the Contractual Arrangements, please refer to the "Contractual Arrangements" section of the Prospectus.

Save as disclosed above, during the Reporting Period, the Group did not enter into, renew and/or re-enter into other new contractual arrangements with the Consolidated Affiliated Entities. During the Reporting Period, there were no significant changes in the Contractual Arrangements and/or the adoption of Contractual Arrangements.

During the Reporting Period, as there were no restrictions which, if eliminated, would lead to the adoption of Contractual Arrangements, none of the Contractual Arrangements were lifted. As of December 31, 2024, the Company did not encounter any interference or hindrance by any PRC regulatory authority when operating its business through the Consolidated Affiliated Entities according to the Contractual Arrangements.

Accounting Aspects of the Contractual Arrangements

During the Reporting Period, as a result of the Exclusive Business Cooperation Agreements and the Exclusive Option Agreements, the Company has obtained control of the Consolidated Affiliated Entities through Shanghai Kongshan and, at the Company's sole discretion, can receive all of the economic interest returns generated by the Consolidated Affiliated Entities. Accordingly, the Consolidated Affiliated Entities' results of operations, assets and liabilities, and cash flows are consolidated into the Company's financial statements.

Qualification Requirements

On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the "**FITE Regulations**"), which were amended on September 10, 2008 and February 6, 2016. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services, including ICP services. On August 1, 2019, the Ministry of Industry and Information Technology (the "**MIIT**") issued guidance on the application requirements for establishing foreign-invested value-added telecommunications enterprises in the PRC (the "**2019 MIIT Guidance**"). Pursuant to the FITE Regulations and the 2019 MIIT Guidance, a foreign investor who invests in value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas with good performance (the "**Qualification Requirements**").

Our PRC legal adviser informed that as of December 31, 2024, no applicable laws, regulations or rules provided clear guidance or interpretation on the qualification requirements, and there was no update in the qualification requirements.

PRC Laws on Foreign Investment

The Foreign Investment Law (2019) was adopted at the Second Session of the Thirteenth National People's Congress of the PRC on March 15, 2019 and came into force on January 1, 2020 (the "**FIL 2019**"). The FIL 2019 is intended to replace the current foreign investment legal foundation in the PRC consisting of three laws: the Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law (《外資企業法》).

Our PRC Legal Advisors are of the view that since Contractual Arrangements are not specified as "foreign investments" under the FIL 2019 and if there is no applicable law or regulation that explains "other means" of foreign investment under the FIL 2019, or if "other means" of foreign investment are specified under applicable laws or regulations not to include Contractual Arrangements, it is unlikely that our Contractual Arrangements will be deemed as "foreign investments" under the FIL 2019 and therefore (i) the Contractual Arrangements shall neither be subject to the "negative list" nor be regulated by relevant authorities in accordance with the requirements of the "negative list;" and (ii) the FIL 2019 would not apply to the Contractual Arrangements as it does not substantially change the principle of recognition and treatment of Contractual Arrangements as compared with the current PRC laws and regulations, and the legality and validity of the Contractual Arrangements would not be affected.

If the operation of our Relevant Businesses is not on the "negative list" and we can legally operate such businesses under PRC laws, Shanghai Kongshan will exercise the option under the Exclusive Option Agreement to acquire the equity interests of Qiniu Information and unwind the Existing Contractual Arrangements subject to re-approval by the relevant authorities.

If the operation of our Relevant Businesses is on the "negative list," unless applicable laws or regulations define Contractual Arrangements are one of the "other means" of foreign investment, the probability that Contractual Arrangements will be deemed as "foreign investment" under the FIL 2019 and be regulated by relevant authorities in accordance with the requirements of the "negative list," which could result in the Contractual Arrangements being deemed as invalid or being required to meet the requirements of the "negative list," is low. In addition, considering that a number of existing entities are operating under Contractual Arrangements and some of which have obtained listing status abroad, our PRC Legal Advisors are of the view that the PRC government is likely to take a relatively cautious attitude towards the supervision of Contractual Arrangements and the enactment of laws and regulations impacting them, and will make decisions according to different situations in practice.

Details of Consolidated Affiliated Entities

Qiniu Information, a limited liability company established in the PRC on August 3, 2011 and is principally engaged in cloud services including clouding computing, storage and delivery.

Beijing Kongshan, a limited liability company established in the PRC on September 6, 2011 and did not carry out any substantive business during the Reporting Period.

Qiniu Information and Beijing Kongshan is 73.5% held by Mr. Xu and 26.5% held by Mr. Lyu.

Qiniu Shenzhen is a wholly-owned subsidiary of Qiniu Information and is principally engaged in cloud services such as clouding computing and delivery.

As the New Contractual Arrangements are entered into after the end of the Reporting Period, details of New Contractual Arrangements will be disclosed in subsequent interim and annual report of the Company.

Earnings and assets under the Existing Contractual Arrangements

According to the Contractual Arrangements, during the Reporting Period, the revenue of Qiniu Information and Qiniu Shenzhen were approximately RMB1,381.5 million and RMB17.1 million, collectively accounting for approximately 97% of the total revenue of the Group. As of December 31, 2024, the total assets of Qiniu Information and Qiniu Shenzhen were approximately RMB745.7 million and RMB10.5 million, collectively accounting for approximately 63% of the total assets of the Group.

As the New Contractual Arrangements are entered into after the end of the Reporting Period, details of New Contractual Arrangements will be disclosed in subsequent interim and annual report of the Company.

Implications under Listing Rules and Exemption from Stock Exchange

For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entities will be treated as our wholly-owned subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their respective associates will be treated as connected persons of the Company (excluding, for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and the Group (including, for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

Since certain parties to the Contractual Arrangements (namely Mr. Xu and Mr. Lyu) are the Registered Shareholders and connected persons of the Company, according to the Listing Rules, the transactions contemplated under the Contractual Arrangements constitute the continuing connected transactions of the Company.

In respect of the Contractual Arrangements, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of (i) the announcement, circular and independent Shareholders' approval under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; (ii) setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules; and (iii) limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange, subject, however, to the following conditions:

(a) No change without independent non-executive Directors' approval;

(b) No change without independent Shareholders' approval;

(c) The Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived by the Consolidated Affiliated Entities;

(d) On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company and our subsidiaries in which the Company has direct shareholding, on one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements; and

(e) We will disclose details relating to the Contractual Arrangements on an on-going basis.

Annual Review by Independent Non-executive Directors and Auditor

During the Reporting Period, the independent non-executive Directors have reviewed the above Contractual Arrangements and confirmed that the Contractual Arrangements have:

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

(ii) been conducted based on normal or better commercial terms; or been entered into based on the terms no less favorable than those available from or provided by independent third parties; and

(iii) been carried out according to the agreements for related transactions with terms that are fair and reasonable and in line with the interests of the shareholders as a whole.

During the Reporting Period, independent non-executive Directors have also reviewed the above Contractual Arrangements and confirmed that:

(1) the transactions carried out during the Reporting Period have been entered into in accordance with the relevant provisions of the Contractual Arrangements;

(2) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and

(3) any new contracts entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the Reporting Period are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

The auditor of the Company carried out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements in compliance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants, and provided a letter to the Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of the Directors, have been entered into in accordance with the relevant Contractual Arrangements, and that no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

Risks relating to Contractual Arrangements and Measures Taken to Mitigate Such Risks

The following are some of the risks involved in Contractual Arrangements. For details, please refer to the section headed "Risk Factors" in the Prospectus.

- If the PRC government finds that the agreements that establish the structure for operating our businesses in the PRC do not comply with applicable PRC laws and regulations, or if these laws or regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in the Consolidated Affiliated Entities.

- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. Qiniu Information and its shareholders may fail to perform their obligations under our Contractual Arrangements.

- We may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by the Consolidated Affiliated Entities that are material to our business operations if the Consolidated Affiliated Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.

- The shareholders of Qiniu Information may have conflicts of interest with us, which may materially and adversely affect our business.

- If we exercise the option to acquire equity ownership of Qiniu Information, the ownership transfer may subject us to certain limitations and substantial costs.

- Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- as part of the internal control measures, major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

- our Board, particularly our independent non-executive Directors, will review the overall performance of and compliance with the Contractual Arrangements at least once a year, and the confirmation from our independent non-executive Directors will be disclosed in our annual report;

- the Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports and interim reports to update the Shareholders and potential investors;

- the Company and the Directors undertake to provide periodic updates in our annual and interim reports regarding (a) our plan and progress in acquiring the relevant experience to meet the Qualification Requirement, (b) our status of compliance with the FIL 2019, and (c) the latest regulatory development in relation with the FIL 2019;

- the Company will engage external legal advisors or other professional advisors, if necessary, to assist our Board to review the implementation of the Contractual Arrangements, review the legal compliance of the Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements;

- the company seals, financial seals, contract seals and crucial corporate certificates of Qiniu Information are kept by the Group's finance and legal departments, respectively. Any employee of the Group who wishes to use the seals will have to obtain internal approval from the head of the business, legal and/or finance department(s) (as the case may be) of the Group, as well as approval from relevant superior departments;

- because the Contractual Arrangements will constitute continuing connected transactions of the Group upon Listing, the Company has applied to the Stock Exchange, and the Stock Exchange has granted a waiver, details of which is set out in "Connected Transactions." The Company will comply with the conditions to be prescribed by the Stock Exchange under the waiver given;

- our Board (including the independent non-executive Directors) will ensure that Qiniu Information shall retain and continue to hold all relevant intellectual properties, including trademarks, computer software, copyrights and domain names, required for the purpose of maintaining and renewing its operating licenses and permits as required by relevant PRC government authorities, and going forward and to the extent permissible under PRC laws and regulations, Shanghai Kongshan or any other legally held member of the Group shall be the registered owner of any other newly developed trademarks which will be material to the business of the Group; and

the Group will adjust or unwind (as the case may be) the Contractual Arrangements as soon as practicable in respect of the operation of the Relevant Businesses to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations which allow the Relevant Businesses to be conducted and operated by owned subsidiaries of the Company without such arrangements in place.

CHARITABLE DONATIONS

During the Reporting Period, the Group made RMB43,503 charitable donations in education aspect.

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period, the Company was not involved in any material legal proceeding or arbitration. To the knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatened against the Company.

PERMITTED INDEMNITY PROVISIONS

From the Listing Date up to the Latest Practicable Date, there were no permitted indemnity provisions which were or are currently in force, and are beneficial to the Directors (whether they were entered into by the Company or others) or any directors of the Company's related companies (if they were entered into by the Company). The Company has purchased appropriate director and officer liability insurance for its Directors and officers to provide appropriate protection for its Directors and officers.

CORPORATE GOVERNANCE CODE

The Group 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 73 to 86 of this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% (being the minimum public float prescribed by the Stock Exchange and the Listing Rules) of the Company's entire issued share capital were held by the public at any time from the Listing Date up to the Latest Practicable Date.

AUDIT COMMITTEE

The Audit Committee has, together with the senior management and the external auditor of the Company, reviewed the accounting principles and practices adopted by the Group, and the audited consolidated financial statements for the year ended December 31, 2024.

AUDITOR

Ernst & Young is the auditor of the Company for the year ended December 31, 2024. Ernst & Young has audited the accompanying consolidated financial statements which were prepared in accordance with the IFRS. The Company has engaged Ernst & Young since the date it began to prepare for the Listing.

Ernst & Young is subject to retirement as auditor of the Company at the conclusion of the forthcoming AGM, and, being eligible, offers itself for re-appointment. A resolution for re-appointment of Ernst & Young as auditor of the Company will be proposed at the AGM.

SUBSEQUENT EVENTS

After the end of the Reporting Period, on February 21, 2025, our Group established a new independent framework by entering into the a new set of contractual arrangement (the "**New Contractual Arrangements**") with Kongshan Network Technology (Jiaxing) Limited* (空山網路科技(嘉興) 有限公司), an indirect wholly-owned subsidiary in Jiaxing City ("**Jiaxing Kongshan**"), Jiaxing Qiniu Information Technologies Co., Ltd.* (嘉興七牛信息技術有限公司) ("**Qiniu Jiaxing**") and Qiniu Jiaxing's shareholders, namely Mr. Xu Shiwei, our chairman and executive Director and Mr. Lyu Guihua, our non-executive Director. Qiniu Jiaxing is a new PRC entity we established in Jiaxing City as our new PRC headquarters. Our Group can recognize and receive the economic benefits from Qiniu Jiaxing's businesses and operations under the New Contractual Arrangements. For further details, please refer to the continuing connected transactions announcement of our Company dated February 21, 2025.

By order of the Board
XU Shiwei
Chairman of the Board
March 21, 2025

The Board has committed to maintaining good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

Save for the deviation from code provision C.2.1 as set out in Part 2 of the Corporate Governance Code, which is explained in section A3 of this Corporate Governance Report, the Company has complied with all applicable code provisions as set out in Part 2 of the Corporate Governance Code during the period from the Listing Date to December 31, 2024 (the "**Relevant Period**").

The Company recognizes that a good corporate culture is essential to support and complement its corporate governance efforts and corporate image, and has developed a corporate culture emphasizing on lawful, ethical and responsible business conduct over the years, which has been reflected in the overall operations and management of the Group. In order to promote open communication in the workplace and high ethical standards among staff and management of the Group, the Group has established anti-corruption and whistle-blowing policies and training, to provide guidance on identifying potential breaches or improper behaviour, reporting procedures and consequences of violations of such policies. For further details on the Group's anti-corruption and whistle-blowing policies, please see the environmental, social and governance report.

A. THE BOARD

A1. Responsibilities and Delegation

The Board is responsible for the leadership, control and management of the Company and overseeing the Group's business, strategic decision and performances in the attainment of the objective of ensuring effective functioning and growth of the Group and enhancing value to investors. All the Directors carry out their duties in good faith, take decisions objectively and act in the interests of the Company and Shareholders at all times.

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all 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.

All Directors have timely access to all relevant information as well as the advice and services of the senior management and the Joint Company Secretaries, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The senior management is delegated the authority and responsibilities with clear directions by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management. The Board has the full support of the senior management to discharge its responsibilities.

According to the code provision D.1.2 of part 2 of the CG Code, the management shall provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. The Company has provided all members of the Board monthly updates of financial, compliance and operation matters to enhance the corporate governance of the Group and provide more adequate and complete information to the Board in a timely manner.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities and will conduct annual review on such insurance coverage.

A2. Board Composition

The composition of the Board from the Listing Date up to the date of this report is as follows:

Executive Directors:
Mr. Xu Shiwei *(Chief Executive Officer, Chairman of the Board and the Nomination Committee, and member of the Remuneration Committee)*
Ms. Chen Yiling *(Chief Operating Officer)*

Non-executive Director:
Mr. Lyu Guihua

Independent non-executive Directors:
Mr. Wei Shaojun *(member of the Audit Committee, the Remuneration Committee and the Nomination Committee)*
Mr. Zhou Zheng *(chairman of the Audit Committee, member of the Remuneration Committee and the Nomination Committee)*
Dr. Shi Qing *(chairman of the Remuneration Committee, member of the Audit Committee and the Nomination Committee)*

Throughout the Relevant Period, the Board has met the requirements of the Listing Rules 3.10 and 3.10A of having a minimum of three independent non-executive Directors (representing at least one-third of the Board) with one of them, being Mr. Zhou Zheng, possessing appropriate professional qualifications and accounting and related financial management expertise.

The members of the Board have skills and experience appropriate for the business requirements and objectives of the Group. The executive Directors are responsible for the businesses and functional divisions of the Group. The non-executive Director scrutinizes the performance of management in achieving agreed corporate goals and objectives and monitors the Group's performance reporting. The independent non-executive Directors bring different businesses and financial expertise, experiences and independent judgement to the Board and they constitute the majority of the Audit Committee, Remuneration Committee, and Nomination Committee of the Company. Through participation in Board meetings and taking the lead in managing issues involving potential conflicts of interests, the independent non-executive Directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the Shareholders.

To the best knowledge of the Directors, the Directors and senior management have no financial, business, family or other material/relevant relationships with one another. The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent with reference to the independence guidelines set out in the Listing Rules.

The Company has established mechanisms to ensure independent views and input are available to the Board and conducted review of such mechanisms on an annual basis.

All Directors are entitled to seek, at the Company's expense, independent professional advice reasonably necessary for discharging their duties as Directors.

The Nomination Committee annually assesses the independence of each independent non-executive Director during his term of appointment. The Company received from each of the independent non-executive Directors a written confirmation of his independence pursuant to Rule 3.13 and paragraph 12B of the Appendix D2 to the Listing Rules. Based on such confirmations and the report of the Nomination Committee, the Company considers that all the independent non-executive Directors continue to demonstrate strong independence and all remain independent. The Board has reviewed the implementation and effectiveness of the mechanisms and considered them to be effective for the Relevant Period.

A3. Chairman and Chief Executive Officer

The Chairman of the Board is responsible for providing leadership for the Board, ensuring that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The Chairman also ensures all Directors are properly briefed on issues arising at Board meetings and all Directors receive adequate information, which must be accurate, clear complete and reliable, in a timely manner. The Chairman acts as the person who primarily responsible for drawing up and approving the agenda for each board meeting and will take into account any appropriate matters proposed by the other Directors for inclusion in the agenda. The Chairman takes primary responsibility for ensuring that good corporate governance practices and procedures are established and encourage Directors' active contribution to the Board's affairs and provide an environment to Directors to voice their concerns. He also takes the lead to ensure that the Board acts in the best interest of the Company and promote a culture of openness and debate. The Chief Executive Officer generally focuses on the business and day-to-day management and operations of the Company.

Pursuant to code provision C.2.1 as set out in Part 2 of the Corporate Governance Code, the responsibilities between the chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. Mr. Xu Shiwei is currently the chairman and chief executive officer of the Company. In view of the fact that Mr. Xu established the Company and has been assuming the responsibilities in the overall management and supervision of the daily operations of the Group since May 2011, the Board believes that it is in the best interest of the Group to have Mr. Xu taking up both roles for effective management and operations. Therefore, the Directors consider that the deviation from such code provision is appropriate. Notwithstanding such deviation, the Directors are of the view that the Board is able to work efficiently and perform its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions will be made in consultation with members of the Board and the relevant Board committee, and there are three independent non-executive Directors on the Board offering independent perspective, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure and composition of the Board and senior management from time to time in light of prevailing circumstances to maintain a high standard of corporate governance practices of the Company.

In addition, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively, given that (i) decisions to be made by the Board requires approval by at least a majority of the Directors; (ii) all the Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among others, that he/she acts for the benefit and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, one-third of which is represented by independent non-executive Directors; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both the Board and senior management levels.

Therefore, the Board considers that the deviation from the code provision C.2.1 as set out in Part 2 of the Corporate Governance Code is appropriate in such circumstances. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

A4. Appointment and Re-election of Directors

According to the Articles, one-third of the Directors for the time being, (if their number is not three or a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each AGM provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors should be eligible for re-election at the relevant AGM. In addition, any new Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his appointment. The Director appointed by the Board as aforesaid shall be eligible for re-election at the relevant AGM.

Each Director (including the non-executive Directors and independent non-executive Directors) is engaged for a term of one year commencing from September 25, 2025 or the Listing Date to the date of the first annual general meeting of the Company, whichever is earliest. They are subject to retirement and re-election in accordance with the provisions of the Articles as mentioned above.

A5. Training and Continuing Development for Directors

Each newly appointed Director will receive formal induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction shall be supplemented by visits to the Company's key offices and meetings with senior management of the Company. During the year ended December 31, 2024, the Company appointed Mr. Zhou Zheng, Dr. Shi Qing and Mr. Wei Shaojun as independent non-executive Directors with effect from the Listing Date. Each of them had obtained the legal advice as referred to in Rule 3.09D of the Listing Rules previously on June 25, 2023, and has confirmed that they understood their obligations as a director of a listed issuer under the Listing Rules.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Trainings and professional development for Directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to Directors from time to time for their study and reference.

The Directors are required to submit to the Company details of the trainings they received in each financial year for the Company's maintenance of proper training records of the Directors. According to the training records currently maintained by the Company, during the Relevant Period, the Directors have complied with the code provision C.1.4 of the CG Code on participation in continuous professional training as follows:

	Type of trainings/education	
	Attending trainings on regulatory development, directors' duties or other relevant topics	**Reading regulatory updates or corporate governance related materials or materials relevant to directors' duties**
Mr. Xu Shiwei	✔	✔
Ms. Chen Yiling	✔	✔
Mr. Lyu Guihua	✔	✔
Mr. Wei Shaojun	✔	✔
Mr. Zhou Zheng	✔	✔
Dr. Shi Qing	✔	✔

A6. Directors' Attendance Records at Meetings

The attendance records of each Director at the Board and Board committee meetings and the general meeting of the Company held during the Relevant Period are set out below:

Since the Company was listed on October 16, 2024, which is approximately two months away from December 31, 2024, the Board had only a few matters that needed to be discussed from the Listing Date to December 31, 2024, and the Company only held one board meeting and one Audit Committee meeting during the Relevant Period.

Name of Directors	Board	Audit Committee
Executive Directors:		
Mr. Xu Shiwei	1/1	N/A
Ms. Chen Yiling	1/1	N/A
Non-executive Director:		
Mr. Lyu Guihua	1/1	N/A
Independent non-executive Directors:		
Mr. Wei Shaojun	1/1	1/1
Mr. Zhou Zheng	1/1	1/1
Dr. Shi Qing	1/1	1/1

In addition, the Chairman of the Board held a meeting with the independent non-executive Directors without the presence of other Directors during the Relevant Period.

A7. Model Code for Securities Transactions

The Board meets to review the Company's key activities. Board meetings are held at least four times a year at approximately quarterly interval to discuss and review the objectives, strategies and policies of the Company, including any significant acquisitions and disposals, annual budget, financial performance and to approve the release of the financial results. Ad-hoc Board meetings will be held, as and when necessary, to address significant transactions or issues that may arise in between regular meetings.

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors, the Group's senior management and relevant employees who, because of their office or employment, are likely to possess inside information of the Company and/or securities. Specific enquiry has been made of all the Directors and they have confirmed their compliance with the Model Code throughout the Relevant Period. In addition, no incident of non-compliance of the Model Code by the senior management of the Group was noted during the Relevant Period.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and senior management in advance.

A8. Corporate Governance Functions

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

During the year under review, the Board has performed corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices; (ii) reviewed and monitored the training and continuous professional development of Directors and senior management; (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; (iv) reviewed and monitored the compliance of the Model Code; and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

B. BOARD COMMITTEES

The Company has three Board committees, namely, the Remuneration Committee, the Nomination Committee, and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the websites of the Company and the Stock Exchange. All the Board committees should report to the Board on their decisions or recommendations made.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B1. Remuneration Committee

The Remuneration Committee currently comprises a total of four members, being one executive Director and the Chairman of the Board, namely Mr. Xu Shiwei, and three independent non-executive Directors, namely Dr. Shi Qing (chairman of the Remuneration Committee), Mr. Wei Shaojun and Mr. Zhou Zheng. Throughout the Relevant Period, the Company has met the Listing Rules requirements of having the majority of the Remuneration Committee members being independent non-executive Directors as well as having the Committee chaired by an independent non-executive Director.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure and on the remuneration packages of Directors and members of senior management (i.e. the model described in the code provision E.1.2(c)(ii) of the CG Code is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by the Board with reference to the performance of the individual and the Company as well as market practice and conditions. The Remuneration Committee is also responsible for reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Relevant Period, the Remuneration Committee has reviewed the existing remuneration policy and structure of the Company, assessed performance of executive Director, approved the terms of service contracts/letters of appointment of Directors, considered and made recommendations to the Board on the remuneration packages of Directors and senior management, the proposed remuneration package of the proposed independent non-executive Director, approved the grant of options under the Share Option Schemes, and ensured that share options offered by the Company to its Directors and employees during the year ended December 31, 2024 are in accordance with Chapter 17 of the Listing Rules and share schemes are in compliance with applicable laws and regulations and made relevant recommendations to the Board.

The attendance records of each Committee member in the Committee meeting are set out in section A6 above.

Pursuant to code provision E.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended December 31, 2024 is set out below:

Remuneration band (RMB)	**Number of individual**
RMB1,000,000 to RMB3,000,000	Three
RMB3,000,001 to RMB6,000,000	One
RMB6,000,001 to RMB10,000,000	Two

The amount of remuneration includes the amortization of the fair value of share-based compensation, wages, salaries, bonus, contribution to social securities and housing fund. Details of the remuneration of each Director for the year ended December 31, 2024 are set out in note 8 to the consolidated financial statements contained in this annual report.

B2. Nomination Committee

The Nomination Committee currently comprises a total of four members, being one executive Director and the Chairman of the Board, namely Mr. Xu Shiwei (chairman of the Nomination Committee), and three independent non-executive Directors, namely Mr. Wei Shaojun, Mr. Zhou Zheng and Dr. Shi Qing. Throughout the Relevant Period, the Company has met the Listing Rules requirements of having a majority of the Nomination Committee members being independent non-executive Directors and having the Nomination Committee chaired by the Chairman of the Board.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive Directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular, the chairman and the chief executive of the Company.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the diversity on the Board, the integrity, experience, skills and professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out the selection process when necessary.

The Company also recognizes and embraces the benefit of having a diverse Board to enhance the quality of its performance. To comply with Rule 13.92 and Appendix C1 to the Listing Rules, a Board diversity policy was adopted by the Company, pursuant to which the Nomination Committee is responsible for monitoring the implementation of the Board diversity policy and assessing the Board composition under diversified perspectives (including but not limited to gender, age, cultural and educational background, or professional experience). The Nomination Committee shall report its findings and make recommendation to the Board, if any. Such policy and objectives will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board. As of the date of this annual report, the Board consisted of six Directors, including one female Director and professionals in law and accounting, and the Board has achieved diversity in its membership in terms of gender, professional background and skill, etc. As of the date of this annual report, two out of six senior management of the Company are female. As of December 31, 2024, the Group had a total of 102 female staff out of 325 employees, representing approximately 31.4% of the employees of the Group. The Board aims at maintaining at least one female Director on the Board and will continue to take opportunities to increase the proportion of female board members and workforce over time as and when suitable candidates are identified. For further details, please refer to the Environmental, Social and Governance Report of the Company.

The Board and the Nomination Committee have reviewed the implementation and effectiveness of the board diversity policy and considered it to be effective for the Relevant Period.

The Company has adopted the director nomination policy. Such policy, devising the criteria and process of selection and performance, provides guidance to the Board on the nomination and appointment of Directors. In designing the Board's composition, the Nomination Committee and the Board take into account a wide range of aspects, including but not limited to gender, socioeconomic background, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time. High emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives and insights that enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of the Group, and support succession planning and development of the Board. The Board believes that the defined selection process is good for corporate governance in ensuring the Board continuity and appropriate leadership at Board level, and enhancing better Board effectiveness and diversity as well as in compliance with the applicable rules and regulations.

During the Relevant Period, the Nomination Committee has performed the following major works:

- Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

- Recommendation on the re-election of the retiring Directors at the forthcoming annual general meeting;

– Assessment of the independence of all the independent non-executive Directors;

– Reviewed the Board diversity policy.

In assessing the Board composition, the Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained. The attendance records of each Nomination Committee member in the Nomination Committee meeting are set out in section A6 above.

B3. Audit Committee

The Company has met the Listing Rules requirements regarding the composition of the Audit Committee throughout the Relevant Period. The Audit Committee currently comprises a total of three members, being three independent non-executive Directors, namely Mr. Wei Shaojun, Mr. Zhou Zheng, and Dr. Shi Qing. The chairman of the Audit Committee is Mr. Zhou Zheng, who possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making relevant recommendations to the Board; and reviewing the Company's financial reporting system, risk management and internal control systems and the effectiveness of the internal audit function.

During the Relevant Period, the Audit Committee has performed the following major works:

– Consideration and recommendation of the re-appointment of Ernst & Young as the external auditor of the Company;

– Discussion of the nature, plan and scope of the Group's audit and the audit fee for the year ended December 31, 2024;

– Review of the arrangements for employees of the Group to raise concerns about possible improprieties in the Group's financial reporting, internal control or other matters and the investigation process on the reported cases; and

– reviewed the continuing connected transactions of the Group.

The external auditor has attended one meeting during the Relevant Period and discussed with the Audit Committee members on issues arising from the audit and financial reporting matters. Besides, there is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditor.

The attendance records of each Audit Committee member in the Audit Committee meetings are set out in section A6 above.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors have acknowledged their responsibilities for preparing the financial statements of the Group for the year ended December 31, 2024.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports and other financial disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

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

D. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems. The Board reviews the effectiveness of the risk management and internal control systems as well as the internal audit function of the Company on an annual basis through the Audit Committee.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including production, procurement, marketing, finance, human resources, and information technology. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. The management, in coordination with department heads, assesses the likelihood of risk occurrence, provides treatment plans, and monitors the risk management progress. The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended December 31, 2024.

The Company's internal auditor is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. During the year under review, the internal auditor examined key issues in relation to the accounting practices and all material controls and provided its findings to the Audit Committee.

During the year ended December 31, 2024, the Board, as supported by the Audit Committee as well as the report from the management and the internal audit findings, reviewed the effectiveness of the Group's risk management and internal control systems, including the financial, operational and compliance controls, and considered that such systems are effective and adequate.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

E. JOINT COMPANY SECRETARIES

Mr. ZHANG Yuanhao of the Company, Ms. Tam Sze Wai Sara (from June 26, 2024 until January 20, 2025) and Ms. HO Sin Tung (since January 20, 2025) of Tricor Services Limited, an external service provider, acted as the Company's joint company secretaries.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and Board practices and matters. Mr. ZHANG has been designated as the primary contact person at the Company to work and communicate with Ms. Tam and Ms. Ho on the Company's corporate governance and secretarial and administrative matters.

Mr. ZHANG and Ms. HO have taken not less than 15 hours of relevant professional training and have complied with the requirement under Rule 3.29 of the Listing Rules for the year ended December 31, 2024.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company, Ernst & Young, about their reporting responsibilities on the Company's financial statements for the year ended December 31, 2024 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to Ernst & Young in respect of audit services and non-audit services for the year ended December 31, 2024 are analyzed below. The remuneration for the audit services includes the service fees in connection with audit and reviews of the Group. The non-audit services conducted by the Auditor mainly include professional services on consultation services.

Type of services provided by the external auditor	**Fees paid/payable** (RMB'000)
Audit services	3,300
Non-audit services	36
TOTAL:	**3,336**

G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has established the shareholders' communication policy and believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparent and timely disclosure of corporate information, which enables Shareholders and investors to make informed investment decisions.

The Company maintains a website at www.qiniu.ltd as a communication platform with Shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. Shareholders and investors may send their written enquiries or requests to the Company via the following contact details:

Address:	Floors 1-4, Building Q, No. 66 Boxia Road, Pudong New District, Shanghai, PRC
Email:	ir@qiniu.com
Telephone number:	021-20703999

Enquiries and requests will be dealt with by the Company in an informative and timely manner.

Besides, Shareholders' meetings provide an opportunity for communication between the Board and the Shareholders. It is the Company's general practice that the Chairman of the Board as well as chairmen of the Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, their duly appointed delegates will be available to answer questions at the AGM and other general meetings of the Company. In addition, the Company will invite representatives of the auditor to attend its AGM to answer Shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence, if any. The Company reviewed the implementation and effectiveness of the Shareholders' communication policy and considered it to be effective for the Relevant Period with the above measures in place.

H. SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at Shareholders' meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company (www.qiniu.ltd) and the Stock Exchange after each Shareholders' meeting. The Articles allow a Shareholder entitled to attend and vote at a general meeting to appoint a proxy, who need not be a Shareholder, to attend the meeting and vote thereat on his/her/its behalf.

Pursuant to the Articles, 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 the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) or any of them representing more than one-half of the total voting rights of all of the requisitionists, 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.

There is no provision allowing Shareholders to move new resolutions at general meetings under the Cayman Islands Companies Act or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

With respect to the Shareholders' right in proposing persons for election as Directors, please refer to the procedures available on the website of the Company.

During the Relevant Period under review, the Company has not made any changes to the Articles. An up-to-date version of the Articles is available on the websites of the Company and the Stock Exchange.

Shareholders may refer to the Articles for further details of the rights of Shareholders.

I. DIVIDEND POLICY

The Company has established a dividend policy. Provided that the Group is profitable and without affecting the normal operations of the Group, the Board may consider to declare and pay dividends to the Shareholders.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things:

a) the Group's overall results of operation, financial conditions, business strategies and operations, future cash commitments and investment needs to sustain the long-term growth of business, working capital requirements, capital expenditure requirements, liquidity position and future expansion plans;

b) the amount of retained profits and distributable reserves of the Company;

c) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

d) any statutory and regulatory restrictions;

e) any restrictions on payment of dividends that may be imposed by the Group's lenders or creditors; and

f) any other factors that the Board considers relevant and/or appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the articles of association of the Company and all applicable laws and regulations. The Board will review the dividend policy from time to time.

"AGM"	annual general meeting of the Company
"Articles" or "Articles of Association"	the amended and restated articles of association of the Company conditionally adopted on September 25, 2024 which has become effective on the Listing Date (as amended, supplemented or otherwise modified from time to time)
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Beijing Kongshan"	Beijing Kongshan Information Technologies Co., Ltd.* (北京空山信息技術有限公司), a limited liability company incorporated in the PRC on September 6, 2011 and one of the Consolidated Affiliated Entities indirectly controlled by our Company through the Existing Contractual Arrangements
"Board" or "Board of Directors"	the board of Directors
"BVI"	the British Virgin Islands
"Cayman Companies Law" or "Companies Law"	the Companies Law (2018 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Capitalization Issue"	the issue of 1,632,795,088 new Shares to be made upon capitalization of an amount of US$163,279.5088 standing to the credit of the share premium account of our Company, details of which is described in the Prospectus
"China" or "PRC"	the People's Republic of China, but for the purpose of this annual report and for geographical reference only, except where the context requires, references in this annual report to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Company"	Qiniu Limited (七牛智能科技有限公司), a company incorporated in the BVI on May 23, 2011 and re-domiciled and continued in the Cayman Islands with limited liability on June 14, 2023
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Consolidated Affiliated Entities"	the entities our Group indirectly controls through the Existing Contractual Arrangements, namely Beijing Kongshan, Qiniu Information and Qiniu Shenzhen

"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Mr. Xu and Dream Galaxy
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	director(s) of the Company
"Dream Galaxy"	Dream Galaxy Holdings Limited, a company incorporated in the BVI on January 30, 2023 which is wholly owned by Mr. Xu
"Dustland"	Dustland Ltd., a company incorporated in the BVI on January 30, 2023 which is wholly owned by Mr. Lyu
"Existing Contractual Arrangements"	the series of contractual arrangements, as the case may be, entered into by, among Shanghai Kongshan, Consolidated Affiliated Entities and the Registered Shareholders on May 11, 2023 and June 21, 2024
"Global Offering"	the offering by the Company of the Shares for subscription to the public in Hong Kong and the offering of Shares outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act in October 2024
"Group", "our", "we", or "us"	our Company and all of our subsidiaries and our Consolidated Affiliated Entities, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"HK$" or "HKD" or "Hong Kong Dollars"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"holding company(ies)"	has the meaning ascribed thereto under the Listing Rules
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"IFRSs"	International Financial Reporting Standards
"Independent Third Party(ies)"	a person or entity who is not a connected person of our Company under the Listing Rules to The knowledge of our Directors after reasonable enquiries

"Jiaxing Kongshan"	Kongshan Network Technology (Jiaxing) Co., Ltd.* (空山網絡科技(嘉興)有限公司), an indirect wholly-owned subsidiary of our Company incorporated in the PRC on January 26, 2024
"Latest Practicable Date"	April 23, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	October 16, 2024, i.e. the date on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of the Company, conditionally adopted on September 25, 2024, and came into effect upon Listing (as amended from time to time)
"Mr. Lyu"	Mr. Lyu Guihua (呂桂華), a non-executive Director and one of the Registered Shareholders
"Mr. Xu"	Mr. Xu Shiwei (許式偉), an executive Director and the chairman of the Board and one of the Controlling Shareholders and Registered Shareholders
"NEEQ"	The National Equities Exchange and Quotations (全國中小企業股份轉讓系統) of the PRC
"New Contractual Arrangements"	a series of contractual arrangements entered into between, among others, Qiniu Jiaxing, Jiaxing Kongshan, and the Registered Shareholders on February 21, 2025
"Nomination Committee"	the nomination committee of the Board
"Post-IPO Share Option Scheme"	the share option scheme conditionally adopted by the Shareholders on September 25, 2024

"Pre-IPO Share Plan"	the Pre-IPO Share Plan adopted by our Company on January 14, 2013 (as supplemented and amended on June 13, 2014, July 12, 2017, October 25, 2018 and May 11, 2023)
"Prospectus"	the prospectus of the Company dated September 30, 2024 in relation to the Listing
"Qiniu HK"	Qiniu (China) Limited (七牛(中國)有限公司), a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability on June 2, 2011
"Qiniu Information"	Shanghai Qiniu Information Technologies Co., Ltd.* (上海七牛信息技術有限公司), a limited liability company incorporated in the PRC on August 3, 2011 and one of the Consolidated Affiliated Entities indirectly controlled by our Company through the Existing Contractual Arrangements
"Qiniu Jiaxing"	Jiaxing Qiniu Information Technologies Co., Ltd.* (嘉興七牛信息技術有限公司), a company established on October 29, 2024 under the laws of PRC with limited liability and is owned as to 73.5% by Mr. Xu and 26.5% by Mr. Lyu
"Qiniu Shenzhen"	Qiniu (Shenzhen) Cloud Computing Co., Ltd.* (七牛(深圳)雲計算有限公司), a limited liability company incorporated in the PRC on May 6, 2022 and one of the Consolidated Affiliated Entities indirectly controlled by our Company through the Existing Contractual Arrangements
"Registered Shareholders"	the registered shareholders of each of Beijing Kongshan, Qiniu Information and Qiniu Jiaxing, being Mr. Xu and Mr. Lyu
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year ended December 31, 2024
"RMB" or "Renminbi"	the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Shanghai Kongshan"	Kongshan Network Technologies (Shanghai) Co., Ltd.* (空山網絡科技(上海)有限公司), a wholly-owned subsidiary of our Company incorporated in the PRC on January 6, 2012
"Share(s)"	ordinary share(s) with nominal value of US$0.0001 each in the share capital of the Company

"Share Option(s)"	the right to subscribe for a specified number of shares pursuant to the Post-IPO Share Option Scheme
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Taobao China"	Taobao China Holding Limited, a company incorporated in Hong Kong, our substantial shareholder
"U.S." or "United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"VAT"	value-added tax
"VAT License"	value-added telecommunication license
"WTO"	World Trade Organization
"%"	per cent

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
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979 King's Road
Quarry Bay, Hong Kong

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To the shareholders of Qiniu Limited
(Incorporated in the British Virgin Islands and re-domiciled and continued in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Qiniu Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 97 to 198, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables As at 31 December 2024, the Group's gross trade receivables amounted to approximately RMB480,111,000 against which an allowance for impairment of approximately RMB49,156,000 was made. Management applied judgement and estimates to measure the expected credit loss allowance. Management estimated the expected credit losses ("**ECLs**") on trade receivables based on the estimation about the risk of default and expected credit loss rates. The expected credit loss rates were based on the payment profiles of sales and the corresponding historical credit losses experience within this period. The historical loss rates were adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. We considered this area a key audit matter due to the magnitude of the balance of trade receivables and the high degree of judgement and estimation uncertainty due to the subjectivity of significant assumptions used and the complexity of the ECLs model. The accounting policies, significant accounting judgements and estimates and disclosures about the impairment of trade receivables are included in notes 2.4, 3 and 18 to the financial statements.	Our audit procedures performed on the impairment assessment of trade receivables included: (i) obtaining an understanding of and evaluating the design and operating effectiveness of the relevant key internal controls in respect of management's assessment of the impairment of trade receivables; (ii) assessing the appropriateness of the ECLs provisioning methodology adopted by management, including key estimations, assumptions and parameters used in the model based on our understanding of the Group's business, credit control process and the credit risk characteristics of the trade receivables; (iii) evaluating the reasonableness of the forward-looking information, including relevant macroeconomic variables by considering the industry and macroeconomic information; (iv) testing the accuracy of the ageing of trade receivables on a sampling basis; (v) testing the mathematical accuracy of the calculation of ECLs; and (vi) assessing the adequacy of the disclosures related to ECLs.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shun Lung Wai.

Ernst & Young
Certified Public Accountants
Hong Kong
21 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	1,437,009	1,333,991
Cost of sales		(1,153,184)	(1,053,746)
Gross profit		283,825	280,245
Other income and gains	5	9,759	30,854
Selling and marketing expenses		(115,894)	(139,065)
Administrative expenses		(137,917)	(135,824)
Research and development costs		(157,645)	(128,034)
Fair value losses on financial assets at fair value through profit or loss, net		(11,928)	(54,682)
Fair value losses on convertible redeemable preferred shares	26	(293,635)	(156,087)
Impairment losses on financial assets		(26,102)	(11,757)
Other expenses		(2,031)	(1,596)
Finance costs	7	(7,768)	(8,162)
LOSS BEFORE TAX	6	(459,336)	(324,108)
Income tax expense	10	(31)	–
LOSS FOR THE YEAR		(459,367)	(324,108)
Attributable to:			
Owners of the parent		(459,367)	(324,108)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted (RMB)		(0.60)	(0.74)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
LOSS FOR THE YEAR		**(459,367)**	(324,108)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation		**(23,599)**	(24,226)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation		**11,299**	(24,716)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(12,300)**	(48,942)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(471,667)**	(373,050)
Attributable to:			
Owners of the parent		**(471,667)**	(373,050)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	90,977	126,951
Right-of-use assets	14	26,398	12,669
Other intangible assets	15	–	–
Financial assets at fair value through profit or loss	16	86,258	98,186
Total non-current assets		203,633	237,806
CURRENT ASSETS			
Inventories	17	7,831	25,791
Trade and notes receivables	18	430,955	285,056
Prepayments, deposits and other receivables	19	32,979	28,448
Financial assets at fair value through profit or loss	16	–	50
Amounts due from related parties	34	7,440	8,429
Time deposits	20	59,677	107,822
Restricted cash	20	7,857	–
Cash and cash equivalents	20	451,928	166,378
Total current assets		998,667	621,974
CURRENT LIABILITIES			
Tax payable	10	31	–
Lease liabilities	14	12,891	7,537
Trade and bills payables	21	311,322	230,956
Other payables and accruals	22	111,596	70,237
Contract liabilities	23	95,181	115,225
Interest-bearing bank and other borrowings	24	196,104	201,890
Deferred revenue	25	90	90
Convertible redeemable preferred shares	26	–	3,215,039
Amounts due to related parties	34	24,981	31,359
Total current liabilities		752,196	3,872,333
NET CURRENT ASSETS/(LIABILITIES)		246,471	(3,250,359)
TOTAL ASSETS LESS CURRENT LIABILITIES		450,104	(3,012,553)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	*14*	**14,378**	2,508
Deferred revenue	*25*	**247**	337
Total non-current liabilities		**14,625**	2,845
NET ASSETS/(LIABILITIES)		**435,479**	(3,015,398)
EQUITY			
Equity attributable to owners of the parent			
Share capital	*28*	**1,418**	31
Reserves	*30*	**434,061**	(3,015,429)
Total equity		**435,479**	(3,015,398)

Mr. Xu Shiwei
Director

Ms. Chen Yiling
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent					
	Share capital RMB'000 *(Note 28)*	Share premium* RMB'000 *(Note 30)*	Share option reserve* RMB'000 *(Note 29)*	Foreign currency translation reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1 January 2024	31	–	170,515	(205,968)	(2,979,976)	(3,015,398)
Loss for the year	–	–	–	–	(459,367)	(459,367)
Other comprehensive loss for the year:	–	–	–	–	–	–
Exchange differences on translation	–	–	–	(12,300)	–	(12,300)
Total comprehensive loss for the year	–	–	–	(12,300)	(459,367)	(471,667)
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs	114	380,584	–	–	–	380,698
Conversion of convertible redeemable preferred shares into ordinary shares	114	3,525,836	–	–	–	3,525,950
Capitalisation issue	1,159	(1,159)	–	–	–	–
Equity-settled share option arrangements	–	–	15,896	–	–	15,896
At 31 December 2024	1,418	3,905,261	186,411	(218,268)	(3,439,343)	435,479

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent				
	Share capital RMB'000 *(Note 28)*	Share option reserve* RMB'000 *(Note 29)*	Foreign currency translation reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1 January 2023	31	136,685	(157,026)	(2,655,868)	(2,676,178)
Loss for the year	–	–	–	(324,108)	(324,108)
Other comprehensive loss for the year:					
Exchange differences on translation	–	–	(48,942)	–	(48,942)
Total comprehensive loss for the year	–	–	(48,942)	(324,108)	(373,050)
Equity-settled share option arrangements	–	33,830	–	–	33,830
At 31 December 2023	31	170,515	(205,968)	(2,979,976)	(3,015,398)

* These reserve accounts comprise the consolidated reserves of RMB434,061,000 (2023: RMB (3,015,429,000)) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax:		**(459,336)**	(324,108)
Adjustments for:			
Impairment losses on financial assets	*6*	**26,102**	11,757
Share-based payments	*6,29*	**15,896**	33,830
Depreciation of property, plant and equipment	*6,13*	**41,913**	52,862
Depreciation of right-of-use assets	*6,14(a)*	**13,039**	18,034
Losses on disposal of items of property, plant and equipment, net	*6*	**4**	21
Revision of a lease term arising from a change in the non-cancellable period of a lease	*5*	**–**	(259)
Finance costs	*7*	**7,768**	8,162
Bank interest income	*5*	**(6,841)**	(7,622)
Foreign exchange differences, net	*6*	**(315)**	962
Fair value losses, net:			
Convertible redeemable preferred shares	*6,26*	**293,635**	156,087
Financial assets at fair value through profit or loss	*6*	**11,928**	54,682
(Increase)/decrease in restricted cash		**(7,857)**	1,016
Increase in trade and notes receivables		**(170,992)**	(103,507)
Decrease in inventories		**20,189**	16,853
(Increase)/decrease in amounts due from related parties		**(20)**	472
Increase in prepayments, deposits and other receivables		**(9,556)**	(3,789)
Increase in trade and bills payables		**80,366**	86,898
(Decrease)/increase in contract liabilities		**(20,044)**	9,865
Decrease in amounts due to related parties		**(6,378)**	(22,820)
Increase/(decrease) in other payables and accruals		**45,471**	(427)
(Decrease)/increase in deferred revenue		**(90)**	199
Cash used in operations		**(125,118)**	(10,832)
Interest received		**6,987**	6,995
Net cash flows used in operating activities		**(118,131)**	(3,837)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(6,041)**	(11,611)
Proceeds from disposal of property, plant and equipment		**11**	32
Redemption/(purchases) of financial assets at fair value through profit or loss		**50**	(50)
Repayment of loans to related parties		**–**	2,000
Placement of time deposits		**(58,881)**	(162,614)
Proceeds from maturity of time deposits		**106,878**	157,360
Net cash flows from/(used in) investing activities		**42,017**	(14,883)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal portion of lease liabilities		**(11,686)**	(13,226)
Proceeds from interest-bearing bank and other borrowings		**196,104**	208,400
Repayment of interest-bearing bank and other borrowings		**(202,094)**	(185,314)
Repurchase of vested share options		**–**	(2,259)
Proceeds from issuance of ordinary shares relating to the initial public offering		**402,630**	–
Interest paid		**(7,564)**	(8,162)
Payment of listing expenses		**(21,019)**	(4,138)
Net cash flows from/(used in) financing activities		**356,371**	(4,699)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**280,257**	(23,419)
Cash and cash equivalents at beginning of year		**166,378**	187,404
Effect of foreign exchange differences, net		**5,293**	2,393
CASH AND CASH EQUIVALENTS AT END OF YEAR		**451,928**	166,378
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*20*	**519,462**	274,200
Less: Non-pledged time deposits with original maturity of more than three months when acquired	*20*	**59,677**	107,822
Restricted cash	*20*	**7,857**	–
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**451,928**	166,378

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the British Virgin Islands with limited liability as offshore holding company on May 23, 2011 and re-domiciled and continued in the Cayman Islands with limited liability on June 14, 2023. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on October 16, 2024. The registered address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business of the Company in the People's Republic of China ("**PRC**") is Floors 1–4, Building Q No.66 Boxia Road, Pudong New District, Shanghai, PRC.

The Company is an investment holding company. During the year, the Company's subsidiaries, including controlled structured entities (together, the "**Group**") were principally engaged in the provision of Platform-as-a-Service ("**PaaS**") solutions focusing on one-stop audiovisual cloud services to enterprise customers.

Information about subsidiaries

As at 31 December 2024, the Company had direct and indirect interests in its subsidiaries, including controlled structured entities, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Qiniu (China) Limited ("**Qiniu (China)**")	Hong Kong	HK$1.00	100	–	Investment holding, network technology, hardware and software development
Superstify Technology Holdings Limited ("**Superstify**")	British Virgin Islands	US$1.00	100	–	Investment holding
Viculus Technology Holdings Limited ("**Viculus**")	British Virgin Islands	US$1.00	100	–	Investment holding
Superstify Technology Company Limited (CÔNG TY TNHH KỸ THUẬT SUPERSTIFY) ("**Superstify VN** ")	Vietnam	VND$ 2,436,000,000	–	100	Network technology, hardware and software development
Kongshan Internet Technology (Shanghai) Co., Ltd. ("**Shanghai Kongshan**") 空山網絡科技(上海)有限公司*	PRC/Mainland China	US$16,800,000	–	100	Investment holding, network technology and software development
Beijing Kongyu Information Technology Co., Ltd. 北京空雨信息技術有限公司**	PRC/Mainland China	RMB2,000,000	–	100	Network technology, hardware and software development
Shanghai Qiniu Information Technology Co., Ltd. ("**Qiniu Information**") 上海七牛信息技術有限公司**	PRC/Mainland China	RMB50,000,000	–	100	Network technology, hardware and software development
Beijing Kongshan Information Technology Co., Ltd. ("**Beijing Kongshan**") 北京空山信息技術有限公司**	PRC/Mainland China	RMB10,000,000	–	100	Computer system services and consulting services

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

As at 31 December 2024, the Company had direct and indirect interests in its subsidiaries, including controlled structured entities, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below: (continued)

Name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Qiniu (Shenzhen) Cloud Computing Co., Ltd. ("**Qiniu (Shenzhen)**") 七牛(深圳)雲計算有限公司**	PRC/Mainland China	RMB10,000,000	–	100	Network technology, hardware and software development
WarpDrive Technology PTE. LTD ("**WarpDrive**")	Singapore	SG$100,000	–	100	Hardware and software development
Superstify Technology PTE. LTD ("**Superstify PTE.**")	Singapore	SG$300,000	–	100	Investment holding, network technology, hardware and software development
Viculus Technology PTE. LTD ("**Viculus PTE.**")	Singapore	SG$10,000	–	100	Network technology, hardware and software development
Kongshan Internet Technology (Jiaxing) Co., Ltd. ("**Jiaxing Kongshan**") 空山網絡科技(嘉興)有限公司**	PRC/Mainland China	US$35,000,000	–	100	Network technology and software development

* Shanghai Kongshan is registered as a wholly-foreign-owned enterprise under PRC law.

** These entities are registered as limited liability companies under PRC law.

The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names. The Group's subsidiaries registered in the PRC are all limited liability companies.

Contractual arrangements

Due to regulatory restrictions on foreign ownership in providing online information services (the "**Relevant Business**") in the PRC, certain cloud service business was carried out by Qiniu Information, Beijing Kongshan and their subsidiaries (collectively, the "**PRC Operating Entities**") during the year. Shanghai Kongshan, a wholly-foreign-owned enterprise subsidiary of the Company (the "**WFOE**") has entered into a series of contractual arrangements ("**Contractual Arrangements**") with the PRC Operating Entities and their respective registered equity holders. The arrangements of the Contractual Arrangements enable the WFOE to exercise effective control over the PRC Operating Entities, to obtain substantially all economic benefits and to have an exclusive option to acquire all or part of the equity interests in the PRC Operating Entities, notwithstanding that the WFOE does not have any direct or indirect equity interest in the PRC Operating Entities.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Accounting Standards ("**IASs**") and interpretations) as issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and convertible redeemable preferred shares, which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies and Disclosures

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

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

The nature and the impact of the revised IFRS Accounting Standards are described below:

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

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

The Group has early adopted the 2020 Amendments from 1 January 2020 (date of transition to IFRSs).

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

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet Effective IFRS Accounting Standards

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS10 and IAS 7*[2]

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

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

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

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet Effective IFRS Accounting Standards (continued)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. Based on a preliminary assessment, IFRS 19 is not expected to have any significant impact on the Group's financial statements.

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

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

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

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet Effective IFRS Accounting Standards (continued)

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

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information

Fair value measurement

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

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Property, plant and equipment and depreciation

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

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

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

Leasehold improvements	The shorter of the estimated useful life of the assets and the lease terms
Servers and computer equipment	20%
Office equipment and furniture	20%

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

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

Intangible assets (other than goodwill)

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Intangible assets (other than goodwill) (continued)

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 5 years, which is mainly determined by reference to the licensed period of the purchased software.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Servers and computer equipment	5 years
Office equipment and furniture	5 years
Buildings	2 to 9 years

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Impairment of financial assets (continued)

General approach (continued)

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

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and notes receivables which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

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

The Group's financial liabilities include trade payables, other payables and accruals, convertible redeemable preferred shares, interest-bearing bank and other borrowings and lease liabilities.

Subsequent measurement

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

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

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

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

Convertible redeemable preferred shares

The Series A, Series B, Series C-1, Series C-2, Series D, Series E-1, Series E-2, Series F and Series F-1 convertible redeemable preferred shares (collectively, the "**Preferred Shares**") issued by the Company are redeemable upon the occurrence of certain events. These instruments can also be converted into ordinary shares of the Company at the option of the holders, or automatically upon the occurrence of an initial public offering ("**IPO**") of the Company.

The Group designates the Preferred Shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Any directly attributable transaction costs are recognised as "finance costs" in the statement of profit or loss.

Subsequent to initial recognition, the Preferred Shares are carried at fair value with changes in fair value recognised in the statement of profit or loss, except for the portion attributable to changes in the Company's own credit risk, which is recognised in other comprehensive income.

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Income tax

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Income tax (continued)

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Revenue recognition

Revenue from contracts with customers

The Group is mainly engaged in the business of providing MPaaS products, APaaS solutions, DPaaS solutions and other cloud services.

(1) Media platform-as-a-service ("**MPaaS**") provides interactive live streaming products, intelligent media data analytics solutions, content delivery network services and object storage solutions.

(2) Application platform-as-a-service ("**APaaS**") provides one-stop scenario-based audiovisual solutions that package audiovisual functionalities of different scenarios in a low-code manner by leveraging MPaaS technologies. It mainly integrates image processing, live streaming and interaction, scene awareness analysis, audiovisual processing and storage services.

(3) Data platform-as-a-service ("**DPaaS**") provides data analytics solutions for enterprise customers, enabling them to develop, run and manage data analytics applications without the need to build and maintain the infrastructure themselves.

(4) Other cloud services primarily include a cloud virtual machine, which is a comprehensive suite of solutions including cloud servers, databases, network, security and storage.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

There are no significant variable considerations and financing components for the Group's revenue from contracts with customers.

The Group's PaaS solutions, including MPaaS, APaaS and DPaaS are provided to its customers either as cloud services offered on public cloud which are principally charged based on usage, or provided on private cloud which are charged on a project basis. Other cloud services are charged based on usage over the service period.

Revenue from PaaS solutions offered on public cloud, including interactive live streaming products, content delivery network services, object storage solutions, intelligent media data analytics products, and other cloud services, is measured on a usage basis and is recognised over time, using an output method to measure the value to the customer of the services rendered to date, with no rights of return once consumed, because the customer simultaneously receives and consumes the benefits provided by the Group. The Group uses monthly utilisation records to recognise revenue over time as this method most faithfully depicts the simultaneous consumption and delivery of services. At the end of each month, the transaction consideration is fixed based on utilisation records and hence no estimation of the transaction price beyond the reporting period is necessary.

In addition, revenue from software licences included in interactive live streaming providing add-on features is recognised at the point in time when software licences are accepted by the customer. Such software licences provide a right to use and the functionality that exists at the point in time they are granted to the customer, and there are no other performance obligations other than the promise to grant the licence. Consequently, the Group accounts for the licence as a performance obligation satisfied at a point in time.

Revenue from PaaS services offered on private cloud arises from hardware sales, software licences and post-delivery maintenance services. Revenue from hardware sales and software licences is recognised at the point in time when they are accepted by customers, which is when the control over the Group's goods or services is transferred to customers. Revenue from software licence is recognised at the point in time because such software can deliver stand-alone functionality without access to the maintenance services to customers. Once a customer has completed the testing of the functionalities of the software as an acceptance procedure, the customer can derive substantial benefit from the software licence on its own. The Group also provides related maintenance services for a specific period (normally 1 to 3 years after the customer's acceptance) after sale as stipulated in the same contract. These maintenance services are provided to maintain and improve the effectiveness of the software and therefore are accounted for as a separate performance obligation. Revenue from these post-delivery maintenance services is recognised on a straight-line basis over the service period as the customer receives and consumes the benefits provided by the Group.

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Revenue recognition (continued)

Other income

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

Principal versus agent

When another party is involved in providing hardware to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the hardware itself (i.e. the Group is a principal) or to arrange for the hardware to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the hardware before the hardware is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the hardware by another party. In this case, the Group does not control the hardware provided by another party before hardware is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified hardware to be provided by the other party.

Contract liabilities

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

Share-based payments

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the discount cash flow method, option pricing model and binomial model, further details of which are given in note 29 to the financial statements .

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Share-based payments (continued)

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Other employee benefits

Pension scheme

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. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

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

Termination benefits

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

Borrowing costs

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

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Dividends

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

Foreign currencies

These financial statements are presented in RMB. The functional currency of the Company, which was incorporated in the British Virgin Islands and re-domiciled in the Cayman Islands, is US$. Each entity in the Group determines its own functional currency and items included in the financial information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

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

The functional currencies of the Group's entities not operating in Mainland China are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policy Information (continued)

Foreign currencies (continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss. A foreign operation is defined as an entity that is a subsidiary, associate, joint arrangement, or branch of a reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the Group's entities not operating in Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of such entities which arise throughout a particular year are translated into RMB at the weighted average exchange rates for that particular year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB949,195,000 (2023:RMB831,963,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB192,115,000. Further details on deferred taxes are disclosed in note 27 to the financial statements.

Contractual arrangements

As disclosed in note 1, the Group exercises control over the PRC Operating Entities and enjoys substantially all their economic benefits and is exposed to their risks through the Contractual Arrangements.

The Company does not have any direct equity interests in the PRC Operating Entities. However, as a result of the Contractual Arrangements, the Company has power over the PRC Operating Entities, has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities. Consequently, the Company regards the PRC Operating Entities as indirect subsidiaries and has consolidated the financial position and results of the PRC Operating Entities in the financial statements throughout the year.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Fair value of investments in unlisted entities

When the fair values of financial assets recorded in the statement of financial position cannot be derived from active markets, their fair values are determined using valuation techniques including the use of comparable recent arm's length transactions and other valuation techniques commonly used by other market participants. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as the implied equity value, volatility and discount rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Group classifies the fair value of these investments as Level 3. Further details are included in note 36 to the financial statements.

Fair value of convertible redeemable preferred shares

The instruments issued to investors are not traded in an active market and the respective fair value is determined by using valuation techniques, including the discounted cash flow method and option pricing model. Such valuation is based on key parameters about discount rate, risk-free interest rate, discounts for lack of marketability and volatility, which are subject to uncertainty and might materially differ from the actual results. Further details are included in notes 26 and 36 to the financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade and notes receivables

The Group uses a provision matrix to calculate ECLs for trade and notes receivables. The provision rates are based on the ageing of receivables for groups of various customer segments that have similar loss patterns.

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and notes receivables is disclosed in note 18.

4. OPERATING SEGMENT INFORMATION AND REVENUE

Operating segment information

The Group is principally engaged in providing PaaS services to customers in Mainland China.

The board of directors reviews the consolidated results of the Group when making decisions about resource allocation and assessing the performance of the Group. The board of directors considers that the Group operates in one business segment and the measurement of segment results is based on the profit from operations as presented in the consolidated statement of profit or loss and the consolidated statement of other comprehensive income.

Geographical information

Since almost all of the Group's non-current assets were located in Mainland China and almost all of the revenue of the Group was derived from operations in Mainland China during the reporting period, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

Information about a major customer

Revenue of approximately RMB285,032,000 (2023:RMB157,457,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	**1,437,009**	1,333,991

Revenue from contracts with customers

(a) Disaggregated revenue information

Types of products/services

	2024 RMB'000	2023 RMB'000
MPaaS	**1,039,261**	974,507
APaaS	**353,950**	281,359
DPaaS	**3,630**	4,698
Other cloud services	**40,168**	73,427
Total	**1,437,009**	1,333,991

Timing of revenue recognition

	2024 RMB'000	2023 RMB'000
Revenue from services transferred to customers over time	**1,235,242**	1,090,230
Revenue from goods or services transferred to customers at a point in time	**201,767**	243,761
Total	**1,437,009**	1,333,991

(b) Performance obligations

The Group's PaaS solutions, including MPaaS, APaaS and DPaaS are provided to its customers either as cloud services offered on public cloud, which are principally charged based on usage, or as solutions offered on private cloud, which are charged on a project basis. Other cloud services are charged based on usage over the service period.

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

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

PaaS solutions offered on public cloud

PaaS public cloud services provide customers with access to the Group's enterprise cloud computing platform, and revenue is recognised on a usage basis. The usage-based fees are recognised as revenue in the period in which the usage occurs. The Group uses monthly utilisation records to recognise revenue over time as this method most faithfully depicts the simultaneous consumption and delivery of services. At the end of each month, the transaction consideration is determined based on utilisation records and hence no estimation of the transaction price beyond the reporting period is necessary. In addition, revenue from software licences is recognised at the point in time when software licences are accepted by the customers because the software licences provide the right to use and the functionality that exists at the point in time they are granted to the customers. No other performance obligations are provided to customers.

PaaS solutions offered on private cloud

The Group's PaaS solutions offered on private cloud typically comprise the sale of hardware, software licences and post-delivery maintenance services. Revenue from software licences and hardware sales is recognised at the point in time when they are delivered to customers, which is when the control over the Group's goods or services is transferred to customers. Revenue from maintenance services is recognised on a straight-line basis over the service period as the customer receives and consumes the benefits provided by the Group.

Other cloud services

Other cloud services primarily include a cloud virtual machine, which is a comprehensive suite of solutions including cloud servers, databases, network, security and storage. Revenue from other cloud services is recognised on an actual usage basis over the service period.

(c) Revenue recognised in relation to contract liabilities

The revenue recognised during the year that was included in the contract liabilities at the beginning of 2024 was RMB71,685,000 (2023: RMB60,352,000).

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(c) Revenue recognised in relation to contract liabilities (continued)

The following table includes the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of the year and the amounts disclosed below do not include significant variable consideration that is constrained:

	2024 RMB'000	2023 RMB'000
Amounts expected to be recognised as revenue:		
Within 1 year	63,265	76,577
After 1 year	31,916	38,648
Contract liabilities	95,181	115,225

An analysis of other income and gains is as follows:

	2024 RMB'000	2023 RMB'000
Other income		
Government grants	2,585	22,470
Bank interest income	6,841	7,622
Total other income	9,426	30,092
Gains		
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	259
Foreign exchange differences, net	315	–
Others	18	503
Total gains	333	762
Total other income and gains	9,759	30,854

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	2024 RMB'000	2023 RMB'000
Cost of sales		**1,153,184**	1,053,746
Depreciation of property, plant and equipment*	13	**41,913**	52,862
Depreciation of right-of-use assets*	14(a)	**13,039**	18,034
Lease payments not included in the measurement of lease liabilities		**384**	611
Research and development costs		**157,645**	128,034
Auditor's remuneration		**3,300**	74
Listing expenses		**22,853**	18,592
Fair value losses, net:			
Financial instruments at fair value through profit or loss		**11,928**	54,682
Convertible redeemable preferred shares	26	**293,635**	156,087
Foreign exchange differences, net		**(315)**	962
Bank interest income	5	**(6,841)**	(7,622)
Impairment losses on financial assets		**26,102**	11,757
Losses on disposal of items of property, plant and equipment, net		**4**	21
Employee benefit expense (including directors' and chief executive's remuneration (note 8)) **:			
Wages, salaries and other allowances		**224,546**	221,310
Pension scheme contributions and social welfare		**46,375**	50,517
Share-based payments	29	**15,896**	33,830

* The depreciation of property, plant and equipment and right-of-use assets and the amortisation of other intangible assets aggregated to RMB47,373,000 for the year ended 31 December 2024 (2023:RMB60,867,000) are included in the cost of sales and research and development costs disclosed above.

** Employee benefit expenses of RMB125,163,000 for the year ended 31 December 2024 (2023:RMB116,012,000) are included in the cost of sales and research and development costs disclosed above.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on interest-bearing bank and other borrowings	6,929	7,421
Interest on lease liabilities	839	741
Total	7,768	8,162

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2024 RMB'000	2023 RMB'000
Fees	97	–
Other emoluments:		
Salaries, allowances and benefits in kind	3,835	2,169
Performance related bonuses*	3,421	–
Share-based payments	5,309	15,487
Pension scheme contributions and social welfare	310	286
Subtotal	12,875	17,942
Total	12,972	17,942

The remuneration disclosed above includes the remuneration received by certain directors prior to their appointments as the directors of the Company.

* Certain directors of the Company are entitled to bonus payments which are associated with the operating results of the Group.

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 29 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

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

(a) Independent non-executive directors

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

	2024 RMB'000	2023 RMB'000
Mr. Wei Shaojun	29	–
Mr. Zhou Zheng	39	–
Dr. Shi Qing	29	–
Total	97	–

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

Mr. Wei Shaojun, Mr. Zhou Zheng and Dr. Shi Qing were appointed as independent non-executive directors on 25 September 2024.

(b) Executive directors, non-executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payments RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
Year ended 31 December 2024						
Executive Directors:						
Mr. Xu Shiwei	–	2,659	2,296	–	147	5,102
Ms. Chen Yiling	–	1,065	1,125	5,309	157	7,656
	–	3,724	3,421	5,309	304	12,758
Non-executive director:						
Mr. Lyu Guihua	–	111	–	–	6	117
Total	–	3,835	3,421	5,309	310	12,875

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

(b) Executive directors, non-executive directors and the chief executive (continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payments RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
Year ended 31 December 2023						
Executive directors:						
Mr. Xu Shiwei	–	1,419	–	–	143	1,562
Ms. Chen Yiling	–	750	–	15,487	143	16,380
Mr. Chen Chao	–	–	–	–	–	–
Mr. Ji Qiang	–	–	–	–	–	–
	–	2,169	–	15,487	286	17,942
Non-executive directors:						
Mr. Lyu Guihua	–	–	–	–	–	–
Mr. Jiang Yanxiang	–	–	–	–	–	–
	–	–	–	–	–	–
Total	–	2,169	–	15,487	286	17,942

Mr. Xu Shiwei is an executive director and the chief executive of the Company.

Ms. Chen Yiling was appointed as a director on 13 March 2023. Mr. Ji Qiang resigned as a director with effect from 13 March 2023. Mr. Chen Chao resigned as a director with effect from 9 May 2023. Mr. Jiang Yanxiang resigned as a director with effect from 11 May 2023.

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

9. FIVE HIGHEST PAID EMPLOYEES

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

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	5,604	3,393
Performance related bonuses	3,591	1,106
Share-based payments	5,598	16,112
Pension scheme contributions and social welfare	432	429
Total	15,225	21,040

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

	2024	2023
Nil to HK$4,500,000	1	3
HK$4,500,001 to HK$9,000,000	2	–
HK$9,000,001 to HK$18,000,000	–	1
Total	3	4

During the year, share options were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 29 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

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

Cayman Islands

The Company was redomiciled in the Cayman Islands in 2023 as an exempted company with limited liability, and is exempt from Cayman Islands income tax under the current tax laws of the Cayman Islands.

British Virgin Islands

Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any income tax.

Singapore

The income tax rate of Singapore was 17% during the year. In addition, three-quarters of up to the first SG$10,000, and one-half of up to the next SG$190,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. The remaining chargeable income, after the tax exemption, is fully taxable at the prevailing corporate tax rate.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

Vietnam

Pursuant to the relevant laws and regulations in Vietnam, the subsidiary in Vietnam is subject to tax at the statutory rate of 20%.

Mainland China

The subsidiaries incorporated in Mainland China are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Enterprise Income Tax Law which became effective on 1 January 2008, except for Qiniu Information, which was taxed at preferential tax rates.

Qiniu Information obtained its "High and New Technology Enterprises" qualification in 2019 and renewed the qualification in 2022, so it was entitled to the preferential tax rate of 15% during the year.

The major components of income tax expense of the Group are as follows:

	2024 **RMB'000**	2023 RMB'000
Current income tax	**31**	–
Deferred income tax *(note 27)*	**–**	–
Total tax charge for the year	**31**	–

10. INCOME TAX (continued)

A reconciliation of the tax expense/(credit) applicable to loss before tax at the statutory rates for the countries/jurisdictions in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	2024 RMB'000	2023 RMB'000
Loss before tax	**(459,336)**	(324,108)
Tax calculated at statutory tax rate of each entity's jurisdiction	**(36,567)**	(42,626)
Tax effects of:		
Effect of preferential tax rates	**3,798**	7,223
Income not subject to tax	**(478)**	(1,164)
Expenses not deductible for tax	**774**	881
Share-based payments not deductible for tax	**3,153**	6,700
Additional deductible allowance for qualified research and development costs *(a)*	**(13,819)**	(11,730)
Tax losses not recognised	**39,128**	39,041
Temporary differences not recognised	**4,042**	1,675
Tax charge at the Group's effective rate	**31**	–

(a) According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, for the period from 1 October 2022, enterprises engaged in research and development activities are entitled to claim 200% of their research and development costs so incurred as tax-deductible expenses when determining their assessable profits.

Tax payable in the consolidated statement of financial position represents:

	2024 RMB'000	2023 RMB'000
PRC corporate income tax payable	**31**	–

The Group has accumulated tax losses in Mainland China of RMB906,871,000 (2023: RMB812,937,000). These losses can be carried forward for a period of five to ten years to offset against future taxable profits of the entities in which the losses were incurred. The Group has deductible temporary differences of RMB60,941,000 in aggregate as at 31 December 2024 (2023: RMB33,996,000).

The Group has accumulated tax losses in Singapore and Hong Kong of RMB15,164,000 and RMB27,160,000, respectively, as at 31 December 2024 (2023: RMB4,769,000 and RMB 14,257,000), which can be carried forward indefinitely to offset against future taxable profits of the entities in which the losses were incurred.

11. DIVIDENDS

No dividends have been declared and paid by the Company during the year (2023: Nil).

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

Basic

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 762,471,784 (adjusted for the effect of the Capitalisation issue (note28)) outstanding during the year ended 31 December 2024 (2023: 437,914,260).

	2024	2023
Loss attributable to owners of the company (RMB'000)	**(459,367)**	(324,108)
Weighted average number of ordinary shares outstanding during the year*	**762,471,784**	437,914,260
Basic loss per share (expressed in RMB per share)	**(0.60)**	(0.74)

* For this Capitalisation issue, the additional shares are treated as having been in issue for the whole year ended 31 December 2024 and are also included in the loss per share calculation for the year ended 31 December 2023 presented so as to give a comparable result.

Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible redeemable preferred shares and share options.

As the Group incurred losses for the years ended 31 December 2024 and 2023, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

13. PROPERTY, PLANT AND EQUIPMENT

	Servers and computer equipment RMB'000	Office equipment and furniture RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2024				
At 1 January 2024:				
Cost	511,128	6,799	19,595	537,522
Accumulated depreciation	(387,111)	(5,941)	(17,519)	(410,571)
Net carrying amount	124,017	858	2,076	126,951
At 1 January 2024, net of accumulated depreciation	124,017	858	2,076	126,951
Additions	4,352	–	1,689	6,041
Disposals	–	(15)	–	(15)
Transfer to inventories	(2,229)	–	–	(2,229)
Transfer from right-of-use assets	1,828	314	–	2,142
Depreciation provided during the year	(40,184)	(187)	(1,542)	(41,913)
At 31 December 2024, net of accumulated depreciation	87,784	970	2,223	90,977
At 31 December 2024:				
Cost	542,730	12,770	21,284	576,784
Accumulated depreciation	(454,946)	(11,800)	(19,061)	(485,807)
Net carrying amount	87,784	970	2,223	90,977

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Servers and computer equipment RMB'000	Office equipment and furniture RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2023				
At 1 January 2023:				
Cost	507,531	6,799	17,128	531,458
Accumulated depreciation	(340,256)	(5,525)	(13,866)	(359,647)
Net carrying amount	167,275	1,274	3,262	171,811
At 1 January 2023, net of accumulated depreciation	167,275	1,274	3,262	171,811
Additions	9,144	–	2,467	11,611
Disposals	(53)	–	–	(53)
Transfer to inventories	(3,556)	–	–	(3,556)
Depreciation provided during the year	(48,793)	(416)	(3,653)	(52,862)
At 31 December 2023, net of accumulated depreciation	124,017	858	2,076	126,951
At 31 December 2023:				
Cost	511,128	6,799	19,595	537,522
Accumulated depreciation	(387,111)	(5,941)	(17,519)	(410,571)
Net carrying amount	124,017	858	2,076	126,951

As at 31 December 2024, none of the Group's property, plant and equipment was pledged to secure bank and other borrowings of the Group (2023:RMB28,617,000) (note 24).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings, servers and computer equipment used in its operations. Leases of buildings generally have lease terms between 24 months and 108 months, while servers, computer equipment, office equipment and furniture generally have lease terms of 5 years. Other rental agreements generally have lease terms of 12 months or less and/or is individually of low value.

(a) Right-of-use assets

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

	Servers and computer equipment RMB'000	Office equipment and furniture RMB'000	Buildings RMB'000	Total RMB'000
At 1 January 2023	5,879	734	19,500	26,113
Additions	315	–	4,368	4,683
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	–	(93)	(93)
Depreciation charge	(4,100)	(336)	(13,598)	(18,034)
At 31 December 2023	2,094	398	10,177	12,669
At 1 January 2024	**2,094**	**398**	**10,177**	**12,669**
Additions	**–**	**–**	**2,042**	**2,042**
Reassessment of a lease term arising from a decision to exercise the extension option	**–**	**–**	**26,868**	**26,868**
Transfer to property, plant and equipment	**(1,828)**	**(314)**	**–**	**(2,142)**
Depreciation charge	**(60)**	**(29)**	**(12,950)**	**(13,039)**
At 31 December 2024	**206**	**55**	**26,137**	**26,398**

14. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

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

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**10,045**	18,940
New leases	**2,042**	4,683
Reassessment of a lease term arising from a decision to exercise the extension option	**26,868**	–
Accretion of interest recognised during the year	**839**	741
Revision of a lease term arising from a change in the non-cancellable period of a lease	**–**	(352)
Payments	**(12,525)**	(13,967)
Carrying amount at 31 December	**27,269**	10,045
Analysed into:		
Current portion	**12,891**	7,537
Non-current portion	**14,378**	2,508

The maturity analysis of lease liabilities is disclosed in note 37 to the financial statements.

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

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**839**	741
Depreciation charge of right-of-use assets	**13,039**	18,034
Expense relating to short-term leases (included in cost of sales, selling and marketing expenses, administrative expenses, and research and development costs)	**341**	595
Expense relating to leases of low-value assets (included in cost of sales, selling and marketing expenses, administrative expenses, and research and development costs)	**43**	16
Total amount recognised in profit or loss	**14,262**	19,386

(d) The total cash outflow for leases is disclosed in note 31(c) to the financial statements.

15. OTHER INTANGIBLE ASSETS

	Software RMB'000	Total RMB'000
31 December 2024		
At 1 January 2024:		
Cost	**6,672**	**6,672**
Accumulated amortisation	**(6,672)**	**(6,672)**
Net carrying amount	**–**	**–**
Cost at 1 January 2024, net of accumulated amortisation	**–**	**–**
Amortisation provided during the year	**–**	**–**
At 31 December 2024	**–**	**–**
At 31 December 2024:		
Cost	**6,672**	**6,672**
Accumulated amortisation	**(6,672)**	**(6,672)**
Net carrying amount	**–**	**–**
31 December 2023		
At 1 January 2023:		
Cost	6,672	6,672
Accumulated amortisation	(6,672)	(6,672)
Net carrying amount	–	–
Cost at 1 January 2023, net of accumulated amortisation	–	–
Amortisation provided during the year	–	–
At 31 December 2023	–	–
At 31 December 2023 and at 1 January 2024:		
Cost	6,672	6,672
Accumulated amortisation	(6,672)	(6,672)
Net carrying amount	–	–

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Investments in unlisted entities	**86,258**	98,186
Investments in wealth management products	**–**	50
Total	**86,258**	98,236
Analysed into:		
Current portion	**–**	50
Non-current portion	**86,258**	98,186

As at 31 December 2024, certain investments in associates which were managed through a venture capital investment organisation were measured as financial assets at fair value through profit or loss in accordance with IFRS 9, amounting to RMB83,836,000.00 (2023: RMB94,678,000).

17. INVENTORIES

	2024 RMB'000	2023 RMB'000
Hard discs and fittings	**3,128**	5,628
Servers for sale	**4,703**	20,163
Total	**7,831**	25,791

18. TRADE AND NOTES RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**480,111**	305,719
Notes receivable	**–**	3,400
Subtotal	**480,111**	309,119
Impairment	**(49,156)**	(24,063)
Total	**430,955**	285,056

The Group provides credit terms to certain customers with satisfied creditworthiness and long-term relationships. The credit period generally ranges from 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. As at 31 December 2024, the Group had certain concentrations of credit risk as 19% (2023:18%) and 45% (2023:43%) of the Group's trade receivables were due from the Group's largest debtor and five largest debtors, respectively. Except for the aforementioned concentrations of credit risk, the Group's trade receivables relate to a large number of diversified customers. Trade receivables are non-interest-bearing. As with other customers, the Group normally demands payment in advance.

The Group's notes receivable consist of bank acceptance bills with maturities within three months. Notes receivable are subject to impairment under the simplified approach, and the impact is considered to be minimal.

As at 31 December 2024 and 2023, the Group did not hold any collateral or other credit enhancements over its trade and notes receivable balances.

18. TRADE AND NOTES RECEIVABLES (continued)

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

	2024 RMB'000	2023 RMB'000
Within 90 days	346,270	214,309
90 days to 6 months	49,837	54,727
6 to 12 months	31,972	14,497
1 to 2 years	2,876	1,523
Total	430,955	285,056

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

	2024 RMB'000	2023 RMB'000
At beginning of year	24,063	19,921
Impairment losses, net	25,093	9,694
Amount written off as uncollectible	–	(5,552)
At end of year	49,156	24,063

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days of the ageing of receivables for groups of various customer segments that have similar loss patterns. The calculation reflects the age of the balance, the existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and macroeconomic influences. The Group applies the simplified approach in calculating expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

18. TRADE AND NOTES RECEIVABLES (continued)

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

As at 31 December 2024

	Within 90 days	**90 days to 6 months**	**6 to 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
Expected credit loss rate	**2.22%**	**7.89%**	**28.77%**	**81.55%**	**100.00%**	**10.24%**
Gross carrying amount *(RMB'000)*	**354,122**	**54,106**	**44,886**	**15,586**	**11,411**	**480,111**
Expected credit losses *(RMB'000)*	**7,852**	**4,269**	**12,914**	**12,710**	**11,411**	**49,156**

As at 31 December 2023

	Within 90 days	90 days to 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	1.52%	5.19%	27.49%	82.72%	100.00%	7.78%
Gross carrying amount *(RMB'000)*	217,624	57,722	19,992	8,812	4,969	309,119
Expected credit losses *(RMB'000)*	3,315	2,995	5,495	7,289	4,969	24,063

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments	**23,451**	11,105
Recoverable value-added tax	**813**	497
Purchase rebates receivable	**–**	2,248
Deferred assets	**2,579**	1,530
Listing fee	**–**	5,025
Deposits and other receivables	**6,136**	8,043
Total	**32,979**	28,448

Prepayments mainly represent advance payments to suppliers.

Purchase rebates receivable mainly represent receivables arising from volume rebates given by suppliers and settled in cash.

Deposits and other receivables mainly represent rental deposits and deposits with suppliers.

As there was no significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). As at 31 December 2024 and 2023, the credit rating of other receivables was performing. The Group assessed that the expected credit losses for these receivables were not material under the 12-month expected loss method. In view of the history of cooperation with debtors and the sound collection history of receivables, management believes that the credit risk inherent in the outstanding other receivable balances of the Group is not significant.

20. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	**519,462**	274,200
Less: Non-pledged time deposits with original maturity of more than three months when acquired*	**(59,677)**	(107,822)
Restricted cash**	**(7,857)**	–
Cash and cash equivalents	**451,928**	166,378
Denominated in:		
RMB	**99,728**	117,521
US$	**88,138**	47,371
HK$	**262,162**	229
SG$	**1,891**	1,255
VND$	**9**	2
Total	**451,928**	166,378

* Short-term bank deposits were deposits with original maturities over three months and less than one year.

** As at 31 December 2024, the restricted cash of RMB7,857,000 primarily represented guarantee deposits (2023:Nil).

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB and for other currencies through banks authorised to conduct foreign exchange business.

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

21. TRADE AND BILLS PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	263,658	230,956
Bills payable	47,664	–
Total	311,322	230,956

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

	2024 RMB'000	2023 RMB'000
Within 6 months	288,715	226,506
6 to 12 months	16,615	3,277
Over 1 year	5,992	1,173
Total	311,322	230,956

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

22. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Payroll payables	73,442	50,098
Other tax payables	23,909	3,342
Accrued listing expenses	–	4,112
Accrued expenses	12,424	11,285
Deposits	215	326
Other payables	1,606	1,074
Total	111,596	70,237

Other payables and accruals are non-interest-bearing and repayable on demand.

23. CONTRACT LIABILITIES

	31 December 2024 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Advances received from customers			
Sale of audiovisual PaaS services and solutions	**95,181**	115,225	105,360

Contract liabilities include advances received from customers for delivery of audiovisual PaaS services and solutions. The decrease during the year ended 31 December 2024 was mainly due to the decrease in advances received from customers and more services and products obligations were satisfied at the end of the year.

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	**3.00-3.40**	**2025**	**196,104**	3.00-3.65	2024	198,600
Current portion of long-term other loans – secured	**–**	**–**	**–**	9.49	2024	3,290
Total			**196,104**			201,890

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	2024 **RMB'000**	2023 RMB'000
Analysed into:		
Bank loans repayable		
Within one year	**196,104**	198,600
Other borrowings repayable		
Within one year	**–**	3,290
Total	**196,104**	201,890

Notes:

(a) None of the Group's bank and other borrowings are secured by pledges of the Group's property, plant and equipment as at 31 December 2024 (2023:RMB28,617,000).

(b) The Group's other loans consisted of finance leases provided by ZHONGGUANCUN SCIENCE-TECH LEASING CO., LTD. ("中關村科技租賃股份有限公司"), which were fully repaid in March 2024.

25. DEFERRED REVENUE

	2024 **RMB'000**	2023 RMB'000
Government grants:		
Non-current	**247**	337
Current	**90**	90
Total	**337**	427

25. DEFERRED REVENUE (continued)

The movements in deferred revenue during the year are as follows:

	2024	2023
	RMB'000	RMB'000
At beginning of year	**427**	228
Received during the year	**–**	427
Credited to profit or loss during the year	**(90)**	(228)
At end of year	**337**	427

Government grants received as compensation for the Group's research and development costs which have not yet been undertaken are included in deferred income and recognised as income on a systematic basis over the periods during which the costs, for which it is intended to compensate, are expensed. Government grants received related to assets invested in servers and computer equipment are credited to deferred revenue and are recognised as income over the expected useful lives of the relevant assets.

26. CONVERTIBLE REDEEMABLE PREFERRED SHARES

On 24 February 2012, the Company issued 12,500,000 Series A Convertible Redeemable Preferred Shares ("**Series A Preferred Shares**") at US$0.08 per share with a total consideration of US$1,000,000 (equivalent to RMB6,292,000).

On 4 February 2013, the Company issued 18,750,000 Series B Convertible Redeemable Preferred Shares ("**Series B Preferred Shares**") at US$0.27 per share with a total consideration of US$5,063,000 (equivalent to RMB31,825,000).

On 11 July 2014, the Company issued 4,035,714 Series C-1 Convertible Redeemable Preferred Shares ("**Series C-1 Preferred Shares**") and 20,178,639 Series C-2 Convertible Redeemable Preferred Shares ("**Series C-2 Preferred Shares**") at US$0.74 and US$0.83 per share, respectively, with a total consideration of US$3,000,000 (equivalent to RMB18,396,000) and US$16,667,000 (equivalent to RMB102,449,000), respectively.

On 20 November 2014, four third-party investors purchased 4,842,860 ordinary shares from the founders with a total consideration of US$3,600,000 (equivalent to RMB22,112,000) and these shares were then redesignated as Series C-1 Preferred Shares.

26. CONVERTIBLE REDEEMABLE PREFERRED SHARES (continued)

Series C-1 Preferred Shares and Series C-2 Preferred Shares are collectively referred to as Series C Preferred Shares.

On 13 October 2015 and 8 January 2016, the Company issued, in aggregate, 28,651,471 Series D Convertible Redeemable Preferred Shares ("**Series D Preferred Shares**") at US$1.92 per share with a total consideration of US$55,036,000 (equivalent to RMB351,487,000).

On 12 July 2017, two third-party investors purchased 26,361,946 preferred shares, including 7,272,268 Series A Preferred Shares, 9,544,839 Series B Preferred Shares, 1,409,158 Series C-1 Preferred Shares and 8,135,681 Series C-2 Preferred Shares from the holders of Series A, B and C Preferred Shares with a total consideration of US$46,483,000 (equivalent to RMB314,048,000) and these shares were then redesignated as Series E-1 Convertible Redeemable Preferred Shares ("**Series E-1 Preferred Shares**").

On 28 December 2017, the Company issued 944,863 Series E-1 Preferred Shares at US$1.76 per share with a total consideration of US$1,666,000 (equivalent to RMB10,842,000).

On 12 July 2017 and 28 December 2017, the Company issued, in aggregate, 37,672,523 Series E-2 Convertible Redeemable Preferred Shares ("**Series E-2 Preferred Shares**") at US$2.20 per share with a total consideration of US$83,033,000 (equivalent to RMB558,992,000).

Series E-1 Preferred Shares and Series E-2 Preferred Shares are collectively referred to as Series E Preferred Shares.

On 26 October 2018, 25 July 2019 and 9 August 2019, the Company issued, in aggregate, 12,916,920 Series F Convertible Redeemable Preferred Shares ("**Series F Preferred Shares**") at US$3.34 per share with a total consideration of US$43,203,000 (equivalent to RMB300,364,000), among which US$28,000,000 (equivalent to RMB194,961,000), US$14,603,000 (equivalent to RMB101,186,000) and US$600,000 (equivalent to RMB4,217,000) were received in 2018, 2019 and 2020, respectively.

On 27 May 2020, the Company issued 14,949,256 Series F-1 Convertible Redeemable Preferred Shares ("**Series F-1 Preferred Shares**") at US$3.34 per share with a total consideration of US$50,000,000 (equivalent to RMB354,410,000) to EverestLu Holding Limited ("**EverestLu**"). The terms of Series F-1 Preferred Shares are identical to those of Series F Preferred Shares. Series F-1 Preferred Shares and Series F Preferred Shares are collectively referred to as Series F Preferred Shares in the table below.

The above-mentioned Series A to F Convertible Redeemable Preferred Shares are collectively referred as "Preferred Shares".

26. CONVERTIBLE REDEEMABLE PREFERRED SHARES (continued)

The key terms of all series of the Preferred Shares are summarised as follows:

Redemption rights and prices

The investors of Preferred Shares have a right to require the Company to redeem their investments, at any time upon the earlier occurrence of: (i) holders of Series A Preferred Shares deciding to exercise their redemption right (holders of Series A Preferred Shares have the right to require the Company to redeem all of the then-issued and outstanding shares at any time commencing on 31 June 2016), or (ii) the termination of certain contractual arrangements without the approval of the board (including affirmative votes of all the directors of the Preferred Shares).

The redemption price is 200% of the original investment amount for Series A investors, 150% of the original investment amount for Series B to E investors and 140% of the original investment amount for Series F investors. In the event that any other class of shares issued in any future financing of the Company is granted a redemption price calculated in a manner which is more favourable, the price will be subject to change and recalculated in a manner no less favourable than that of such other class of shares.

The redemption preference from high priority to low priority is as follows in sequence: Series F-1 Preferred Shares, Series F Preferred Shares, Series E-2 Preferred Shares, Series D Preferred Shares, Series E-1 Preferred Shares, Series C Preferred Shares, Series B Preferred Shares, Series A Preferred Shares.

The key terms of all series of the Preferred Shares are summarised as follows:

On 26 June 2023, the Group entered into an agreement with the holders of Preferred Shares of Series A to Series F to terminate the redemption rights attached to the convertible redeemable preferred shares. Notwithstanding the above, the Company agreed that if (i) the initial public offering on The Stock Exchange of Hong Kong Limited (the "**HKIPO**") is not completed on or before 1 January 2025; (ii) the A1 filing of the HKIPO is formally withdrawn by the Company; (iii) the A1 filing of the HKIPO is rejected by The Stock Exchange of Hong Kong Limited; or (iv) the A1 filing of the HKIPO has lapsed and has not been re-filed within four months thereafter (each, a "**Triggering Event**"), the redemption rights terminated pursuant to the agreement shall be automatically restored and reinstated, and their respective obligations and liabilities under the shareholders' agreement shall be in full force and effect upon the occurrence of the Triggering Event.

Upon the occurrence of a Triggering Event, the holders of Preferred Shares have a right to request the Company to redeem their investments. Following receipt of the request for redemption from such holders of Preferred Shares, the Company shall within fifteen business days, give a written notice (the "**Redemption Notice**") to each holder. The closing (the "**Redemption Closing**") of the redemption of any Preferred Shares will take place no later than six months from the date of the Redemption Notice at the offices of the Company, or such other date or other place as such holders of the then issued and outstanding Preferred Shares and the Company may mutually agree in writing.

26. CONVERTIBLE REDEEMABLE PREFERRED SHARES (continued)

Conversion rights

Each Preferred Share may, at the option of the holders, be converted at any time after the original issue date into fully-paid and non-assessable ordinary shares at an initial conversion ratio of 1:1 subject to (i) adjustments for share splits and combinations; (ii) adjustments for ordinary share dividends and distributions; (iii) adjustments of other dividends; (iv) adjustments for reorganisations, mergers, consolidations, reclassifications, exchanges, and substitutions; (v) adjustments for sales of shares below the conversion price; and (vi) adjustments for other dilutive events. Each Preferred Share shall automatically be converted into ordinary shares at the applicable then-effective conversion price upon the earlier of (a) the closing of a qualified IPO, or (b) the date specified by written consent or agreement of the holders of a majority of each round of Preferred Shares with respect to each round of Preferred Shares.

Dividend rights

Non-cumulative dividends per Preferred Share of 8% per annum when and if declared by the board of the Company, shall be paid prior to and in preference to holders of all other current or future classes or series of shares of the Company, including the ordinary shares. After the preferential dividends have been paid in full or declared and set apart in any fiscal year of the Company, any additional dividends out of funds legally available therefor may be declared in that fiscal year for the ordinary shares and, if such additional dividends are declared, then such additional dividends shall be declared pro rata on the ordinary shares and all Preferred Shares on an as-converted basis.

Liquidation preferences

In the event of any liquidation, holders of the Preferred Shares shall be entitled to receive, prior to and in preference to any distribution or payment made to the holders of any ordinary shares, the liquidation preference amount per share equal to one hundred percent (100%) of the original issue price of each Preferred Share (adjusted for any share splits, share dividends, combinations, recapitalisations and similar transactions), as the case may be, plus all dividends accrued and unpaid with respect thereto (as adjusted for any share splits, share dividends, combinations, recapitalisations and similar transactions) per Series A to F Preferred Share then held by such holder.

Accounting for convertible redeemable preferred shares

The Company does not bifurcate any embedded derivatives from the host instruments and has designated the entire instruments as financial liabilities at fair value through profit or loss. Any directly attributable transaction costs are recognised as finance costs in the statement of profit or loss. Subsequent to initial recognition, the fair value change of the Preferred Shares is recognised in the statement of profit or loss except for the portion attributable to credit risk change which shall be recognised in other comprehensive income, if any. The directors of the Company considered that there was no material credit risk change during the year.

As at 31 December 2023, the convertible redeemable preferred shares were classified as current liabilities, because the holders of the Preferred Shares could demand the Company to redeem their preferred shares or convert the convertible redeemable preferred shares into ordinary shares within 12 months. Upon the successful completion of the IPO on 16 October 2024, all convertible redeemable preferred shares were fully converted into share capital and share premium.

26. CONVERTIBLE REDEEMABLE PREFERRED SHARES (continued)

Accounting for convertible redeemable preferred shares (continued)

The movements of the convertible redeemable preferred shares are set out below:

	Series A Preferred Shares RMB'000	Series B Preferred Shares RMB'000	Series C-1 Preferred Shares RMB'000	Series C-2 Preferred Shares RMB'000	Series D Preferred Shares RMB'000	Series E-1 Preferred Shares RMB'000	Series E-2 Preferred Shares RMB'000	Series F Preferred Shares RMB'000	Total RMB'000
At 1 January 2023	72,027	128,855	112,259	183,439	550,730	504,233	767,938	687,174	3,006,655
Currency translation differences	1,315	2,346	2,015	3,283	9,547	8,692	13,361	11,738	52,297
Changes in fair value	11,190	19,151	13,267	20,560	24,769	16,819	40,355	9,976	156,087
At 31 December 2023 and at 1 January 2024	84,532	150,352	127,541	207,282	585,046	529,744	821,654	708,888	3,215,039
Currency translation differences	520	920	761	1,231	3,165	2,945	4,297	3,437	17,276
Changes in fair value	33,530	57,531	41,129	64,662	61,700	86,721	28,589	(80,227)	293,635
Conversion into ordinary shares	(118,582)	(208,803)	(169,431)	(273,175)	(649,911)	(619,410)	(854,540)	(632,098)	(3,525,950)
At 31 December 2024	-	-	-	-	-	-	-	-	-

All convertible redeemable preferred shares were automatically converted into 155,442,246 ordinary shares upon the successful IPO on 16 October 2024 and the convertible redeemable preferred shares were derecognised and recorded as share capital and share premium accordingly.

Prior to the completion of IPO on 16 October 2024, the Group applied the discounted cash flow method and option pricing method to determine the fair value of the convertible redeemable preferred shares as of the dates of issuance and at the end of each reporting period.

26. CONVERTIBLE REDEEMABLE PREFERRED SHARES (continued)

Accounting for convertible redeemable preferred shares (continued)

Key assumptions are set out below:

	2023
Discount rate	14.00%
Risk-free interest rate	4.70%
Discount for lack of marketability ("**DLOM**")	7.00%
Volatility	51.64%

The discount rate was determined based on a consideration of the factors including the risk-free rate, comparative industry risk, equity risk premium, company size and non-systemic risk factors. The Group estimated the risk-free interest rate based on the yield of the United States Government Bond with a maturity close to the expected exit timing as at the valuation date. The DLOM was quantified by the Finnerty options model. Under this option pricing method, which assumed that the put option is struck at the average price of the stock before the privately held shares can be sold, the cost of the put option was considered as a basis to determine the DLOM. This option pricing method is one of the methods commonly used in estimating DLOM as it takes into consideration factors like timing of a liquidity event, such as an initial public offering, and estimated volatility of the shares. The farther the valuation date is from an expected liquidity event, the higher the put option value and thus the higher the implied DLOM. The volatility was estimated based on annualised standard deviation of daily share price returns of comparable companies for a period from the valuation date and with a similar span as time to expiration. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of the Preferred Shares on the valuation date.

Management considered that fair value changes of the Preferred Shares that were attributable to changes of own credit risk of these instruments were not material.

26. CONVERTIBLE REDEEMABLE PREFERRED SHARES (continued)

Set out below is a summary of significant unobservable inputs to the valuation of financial liabilities within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at the end of the reporting period.

31 December 2023

Valuation technique	Significant unobservable inputs	Inputs	Increase/ (decrease) in the inputs (%)	Sensitivity of fair value to the inputs RMB'000
Discounted cash flow method and option pricing method	Discount rate	14.00%	1/(1)	(41,494)/ 41,885
	Risk-free interest rate	4.70%	1/(1)	(132)/ 133
	DLOM	7.00%	1/(1)	(2,094)/ 2,094
	Volatility	51.64%	1/(1)	(320)/ 316

27. DEFERRED TAX

Deferred tax liabilities

	2024		
	Financial assets at fair value through profit or loss RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 31 December 2023	5,207	2,096	7,303
Deferred tax charged/(credited) to profit or loss during the year	(1,789)	2,079	290
At 31 December 2024	3,418	4,175	7,593

Deferred tax assets

	2024		
	Lease liabilities RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 31 December 2023	1,699	5,604	7,303
Deferred tax credited/(charged) to profit or loss during the year	2,599	(2,309)	290
At 31 December 2024	4,298	3,295	7,593

27. DEFERRED TAX (continued)

Deferred tax liabilities

	2023		
	Financial assets at fair value through profit or loss RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 31 December 2022	13,409	3,917	17,326
Deferred tax credited to profit or loss during the year	(8,202)	(1,821)	(10,023)
At 31 December 2023	5,207	2,096	7,303

Deferred tax assets

	2023		
	Lease liabilities RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 31 December 2022	2,841	14,485	17,326
Deferred tax charged to profit or loss during the year	(1,142)	(8,881)	(10,023)
At 31 December 2023	1,699	5,604	7,303

27. DEFERRED TAX (continued)

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

	2024 **RMB'000**	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**–**	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	**–**	–
Total	**–**	–

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Deferred tax assets have not been recognised with respect to tax losses and deductible temporary differences for certain subsidiaries. Further details are disclosed in note 10.

28. SHARE CAPITAL

Shares

	2024 US$'000	2023 US$'000
Issued and fully paid: 1,996,644,474 (2023:48,657,140) ordinary shares of US$0.0001 each	**200**	5

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2023	48,657,140	31
At 31 December 2023 and 1 January 2024	**48,657,140**	**31**
Issuance of shares through initial public offering *(a)*	**159,750,000**	**114**
Conversion of Preferred Shares into ordinary shares *(b)*	**155,442,246**	**114**
Capitalisation issue *(c)*	**1,632,795,088**	**1,159**
At 31 December 2024	**1,996,644,474**	**1,418**

Notes:

(a) On 16 October 2024, the Company issued 159,750,000 shares through initial public offering at the price of HK$2.75 per ordinary share, whose share capital of approximately RMB114,000 has been fully paid in cash on the same date.

(b) All convertible redeemable preferred shares were automatically converted into ordinary shares on a one-for-one basis upon the successful IPO of the Company on 16 October 2024. As a result, the convertible preferred shares were derecognised and recorded as share capital and share premium.

(c) On 16 October 2024, 1,632,795,088 ordinary shares were allotted and issued, credited as fully paid at par value to the shareholders on the register of members of the Company at the close of business on the date immediately preceding the date on which the IPO becomes unconditional (or as they may direct) in proportion to their respective shareholdings in the Company (as nearly as possible without fractions) by way of capitalisation of the sum of US $163,279.5088 standing to the credit of the share premium account of the Company ("**Capitalisation Issue**"), and the shares to be allotted and issued pursuant to the Capitalisation issue shall rank pari passu in all respects with the then existing issued shares.

29. SHARE-BASED PAYMENTS

Share incentive plan

On 14 January 2013, the board of directors of the Company approved the establishment of a share option scheme which was then supplemented on 13 June 2014, 12 July 2017, 25 October 2018, and 11 May 2023, with the purpose of attracting, motivating, retaining and rewarding certain employees and directors. The maximum number of shares that may be issued under this option scheme shall be 18,107,143 ordinary shares. The share option scheme was effective since 2013 and continued in effect for a term of 10 years, authorising the directors of the Company at their discretion to grant employees of the Group options at agreed considerations to subscribe for shares of the Company. On 11 May 2023, the shareholders of the Company approved the extension of the term of share option scheme to 20 years. The maximum number of shares that may be issued under the option scheme has reduced to 14,654,577 shares, as a result of the repurchase of vested options from the former employees in years 2020, 2021 and 2022.

Upon completion of the Capitalisation issue and the IPO, the maximum number of shares that may be issued under the option scheme was adjusted to 131,891,193 shares.

The share options shall vest over four years with graded vesting terms, on the condition that employees remain in service. For Type A vesting schedule, a certain percentage (10%-25%) of the aggregate number of granted share options vests immediately upon the grant date and the remaining granted share options vest in equal tranches every month over the next 48 months. For Type B vesting schedule, a certain percentage (0%-20%) of the aggregate number of granted share options vests immediately upon the grant date and the remaining granted share options vest in equal tranches on the first, second, third and fourth anniversaries of the grant date. For Type C vesting schedule, 25% of the granted share options vest on the first anniversary of the grant date and the remaining granted share options vest in equal tranches every month over the next 36 months. Generally, share options will expire on a date which is no later than 10 years from the date of grant.

As at 31 December 2024, the Group repurchased 3,452,566 vested options from the former employees in exchange for a total consideration of US$3,933,200 (equivalent to RMB 27,179,000) in cash.

29. SHARE-BASED PAYMENTS (continued)

The repurchased share options were cancelled from the option scheme. The number of shares issuable under the Company's option scheme was reduced by the number of vested options repurchased from the former employees.

Share options do not confer rights on the holders to receive dividends or to vote at shareholders' meetings.

The following shares were outstanding under the share incentive plan during the year:

	Average exercise price per share US$	Number of options
As at 1 January 2024	**1.51**	**14,309,577**
Granted during the year *(a)*	**1.50**	**583,750**
Forfeited during the year *(a)*	**2.62**	**(148,892)**
Expired during the year *(a)*	**2.55**	**(163,858)**
Adjusted for the Capitalisation issue *(b)*	**–**	**116,644,616**
Outstanding as at 31 December 2024	**0.17**	**131,225,193**
At 1 January 2023	1.57	11,973,501
Granted during the year	1.51	2,996,076
Forfeited during the year	2.70	(331,949)
Expired during the year	2.55	(328,051)
Outstanding as at 31 December 2023	1.51	14,309,577

Notes:

(a) The number of shares is presented before the effect of the Capitalisation Issue.

(b) It represents the effects of adjustments made to the number of shares as a result of the Capitalisation issue.

During the year ended 31 December 2024, the Group recognised share-based compensation expenses of RMB15,896,000 (2023: RMB33,830,000).

29. SHARE-BASED PAYMENTS (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

	2024
Number of outstanding share options *(a)*	**131,225,193**
Number of exercisable share options *(a)*	**99,202,338**
Exercise price *(a)*	**US$0.02 – US$ 0.30**
Weighted average remaining contractual life	**6.40**

	2023
Number of options	14,309,577
Number of exercisable share options	9,199,482
Exercise price	US$0.14 – US$2.70
Weighted average remaining contractual life	7.27

(a) The number of options and exercise prices presented are after the effect of the Capitalisation issue.

The fair value of options granted during the year is estimated on the dates of grant primarily using option pricing model and binomial model with the following assumptions:

	2024	2023
Expected volatility	**53.17%**	52.89% -53.4%
Risk-free interest rate	**4.51%**	4.0%
Exercise multiple	**2.2**	2.2 – 2.8
Expected forfeiture rate	**10.00%**	10.00%
Weighted average share price *(b)*	**US$0.17**	US$0.24
Expected life of options	**10 years**	10 years

(b) The weighted average share price was adjusted pursuant to the Capitalisation issue. For the year ended 31 December 2024, the weighted average share price was adjusted to US$ 0.17 per share (2023: US$0.24).

30. 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.

(a) Share premium

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

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 29 to the financial statements.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities. The reserve is dealt with in accordance with the accounting policy set out in note 2.4 to the financial statements.

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

For the year ended 31 December 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB28,910,000 and RMB28,910,000 (2023: RMB4,683,000 and RMB4,683,000), respectively, in respect of lease arrangements for properties.

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Convertible redeemable preferred shares RMB'000	Total RMB'000
At 1 January 2024	201,890	10,045	3,215,039	3,426,974
Changes from financing cash flows	(12,715)	(12,525)	–	(25,240)
Changes in fair value	–	–	293,635	293,635
Currency translation differences	–	–	17,276	17,276
New leases	–	2,042	–	2,042
Reassessment of a lease term arising from a decision to exercise the extension option	–	26,868	–	26,868
Conversion into ordinary shares	–	–	(3,525,950)	(3,525,950)
Interest expense	6,929	839	–	7,768
At 31 December 2024	196,104	27,269	–	223,373

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities (continued)

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Convertible redeemable preferred shares RMB'000	Total RMB'000
At 1 January 2023	178,804	18,940	3,006,655	3,204,399
Changes from financing cash flows	15,665	(13,967)	–	1,698
Changes in fair value	–	–	156,087	156,087
Currency translation differences	–	–	52,297	52,297
New leases	–	4,683	–	4,683
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(352)	–	(352)
Interest expense	7,421	741	–	8,162
At 31 December 2023	201,890	10,045	3,215,039	3,426,974

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	384	611
Within financing activities	12,525	13,967
Total	12,909	14,578

32. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2024 and 2023.

33. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	335	–

34. RELATED PARTY TRANSACTIONS

The directors are of the opinion that the following parties are related parties that had material transactions or balances with the Group during the year.

(a) Names of related parties and their relationship with the Group

Name	Relationship with the Group
Shiwei Xu	Shareholder and executive management
Guihua Lyu	Shareholder and non-executive management
Yiling Chen	Executive management
Bin Han	Executive management
Yuanhao Zhang	Executive management
Wenlong Jiang	Executive management
Lina Li	Executive management
Subsidiaries of Alibaba Group Holding Limited	Entities controlled by the ultimate holding company of the investor who has significant influence over the Company
Hangzhou Yima Technology Co., Ltd.	Entity which is significantly influenced by the Group
Shenzhen Zhichi Network Technology Development Co., Ltd.	Entity which is significantly influenced by the Group
Shanghai Shanma Intelligent Technology Co., Ltd.	Entity which is significantly influenced by the Group
Beijing Taiwu Network Technology Co., Ltd.	Entity which is significantly influenced by the Group
Shanghai Taiji Software Co., Ltd.	Entity which is significantly influenced by the Group
Shenzhen Taiji Internet of Things Technology Co., Ltd.	Entity which is significantly influenced by the Group
Beijing Kongji Technology Co., Ltd.	Entity which is significantly influenced by the shareholder and executive management

34. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

	2024 RMB'000	2023 RMB'000
Entities controlled by the ultimate holding company of the investor who has significant influence over the Company:		
Sale of products or provision of services	**8,792**	495
Purchases of products or services	**25,775**	37,398
Entities which are significantly influenced by the Group:		
Sale of products or provision of services	**137**	3,538
Purchases of products or services	**6,710**	4,596
Entity which is significantly influenced by the shareholder and executive management:		
Sale of products or provision of services	**64**	484

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

34. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties

	2024 RMB'000	2023 RMB'000
Due from related parties:		
Trade		
Entities controlled by the ultimate holding company of the investor who has significant influence over the Company	**4,293**	4,293
Entities which are significantly influenced by the Group	**5,609**	5,600
Entity which is significantly influenced by the shareholder and executive management	**2,199**	2,188
Impairment	**(4,661)**	(3,652)
Total	**7,440**	8,429

The Group performs an impairment assessment under the ECL model on amounts due from related parties, which are subject to impairment assessment under IFRS 9. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition. As at 31 December 2024, the impairment of amounts due from related parties amounted to RMB4,661,000 (2023:RMB3,652,000).

	2024 RMB'000	2023 RMB'000
Due to related parties:		
Trade		
Entities controlled by the ultimate holding company of the investor who has significant influence over the Company	**13,315**	19,755
Entities which are significantly influenced by the Group	**11,666**	11,604
Total	**24,981**	31,359

Amounts due to related parties are unsecured, interest-free and normally settled on terms of 30 to 90 days.

34. RELATED PARTY TRANSACTIONS (continued)

(d) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Short term employee benefits	**13,676**	6,849
Pension scheme contributions and social welfare	**904**	857
Share-based payments	**11,210**	28,373
Total	**25,790**	36,079

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	86,258	–	86,258
Trade and notes receivables	–	430,955	430,955
Amounts due from related parties	–	7,440	7,440
Financial assets included in prepayments, deposits and other receivables	–	6,136	6,136
Time deposits	–	59,677	59,677
Restricted cash	–	7,857	7,857
Cash and cash equivalents	–	451,928	451,928
Total	86,258	963,993	1,050,251

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	–	311,322	311,322
Financial liabilities included in other payables and accruals	–	14,245	14,245
Amounts due to related parties	–	24,981	24,981
Lease liabilities	–	27,269	27,269
Interest-bearing bank and other borrowings	–	196,104	196,104
Total	–	573,921	573,921

35. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2023

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	98,236	–	98,236
Trade and notes receivables	–	285,056	285,056
Amounts due from related parties	–	8,429	8,429
Financial assets included in prepayments, deposits and other receivables	–	10,291	10,291
Time deposits	–	107,822	107,822
Cash and cash equivalents	–	166,378	166,378
Total	98,236	577,976	676,212

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	–	230,956	230,956
Financial liabilities included in other payables and accruals	–	16,797	16,797
Amounts due to related parties	–	31,359	31,359
Lease liabilities	–	10,045	10,045
Interest-bearing bank and other borrowings	–	201,890	201,890
Convertible redeemable preferred shares	3,215,039	–	3,215,039
Total	3,215,039	491,047	3,706,086

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits, trade and notes receivables, amounts due from related parties, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, amounts due to related parties, lease liabilities and short-term interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the directors. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the directors twice a year for interim and annual financial reporting.

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of financial assets at fair value through profit or loss have been estimated by reference to the market approach and using the equity valuation allocation model. These valuation techniques are based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values resulting from these valuation techniques, which are recorded in the consolidated statement of financial position, the related changes in fair values, and the consolidated statement of profit or loss, are reasonable, and that they were the most appropriate values as at the end of the reporting period.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of the reporting period were assessed to be insignificant.

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 2023:

31 December 2024

Financial assets at fair value through profit or loss	Valuation technique	Significant unobservable inputs	Inputs	Sensitivity of fair value to the input
Investments in unlisted entities	Valuation multiples	Price to sales multiple ("**P/S**")	3.19 to 12.07	10% increase/decrease would result in increase/decrease in fair value by 5%
		Discounts for lack of marketability ("**DLOM**")	26.0% to 34.0%	10% increase/decrease would result in decrease/increase in fair value by 4%
		Volatility	49.3% to 54%	10% increase/decrease would result in decrease/increase in fair value by 6%
	The latest price method of financing	Risk-free rate	1.38%	10% increase/decrease would result in increase/decrease in fair value by 2%
		Volatility	50%	10% increase/decrease would result in decrease/increase in fair value by 12%

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 2023: (continued)

31 December 2023

Financial assets at fair value through profit or loss	Valuation technique	Significant unobservable inputs	Inputs	Sensitivity of fair value to the input
Investments in unlisted entities	Valuation multiples	Price to sales multiple ("**P/S**")	3.6 to 10.6	10% increase/ decrease would result in increase/ decrease in fair value by 9%
		Discounts for lack of marketability ("**DLOM**")	32.0% to 36.0%	10% increase/ decrease would result in decrease/ increase in fair value by 4%
		Volatility	45.8% to 58.2%	10% increase/ decrease would result in decrease/ increase in fair value by 0.1%

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss	**–**	**–**	**86,258**	**86,258**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	50	98,186	98,236

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets at fair value through profit or loss		
At beginning of year	**98,186**	152,868
Fair value losses on financial assets at fair value through profit or loss, net	**(11,928)**	(54,682)
At end of year	**86,258**	98,186

Liabilities measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Convertible redeemable preferred shares	–	–	3,215,039	3,215,039

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 RMB'000	2023 RMB'000
Convertible redeemable preferred shares		
At beginning of year	**3,215,039**	3,006,655
Foreign exchange differences	**17,276**	52,297
Fair value changes of convertible redeemable preferred shares	**293,635**	156,087
Conversion into ordinary shares	**(3,525,950)**	–
At end of year	**–**	3,215,039

The movements of convertible redeemable preferred shares are disclosed in note 26 to the financial statements.

The Group did not have any financial liabilities measured at fair value as at 31 December 2024.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise financial assets at fair value through profit or loss, interest-bearing bank and other borrowings, convertible redeemable preferred shares and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivable and trade and bills payable, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are recognised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. As at 31 December 2024 and 2023, none of the Group's interest-bearing borrowings bore interest at floating rates. Accordingly, as at the end of the reporting period, the Group did not have any significant exposure to the interest rate risk in the cash flows.

Foreign currency risk

The functional currency of the Company and its subsidiaries incorporated in the Cayman Islands, the British Virgin Islands, Hong Kong, Singapore and Vietnam is US$, and the Group is exposed to foreign currency risk with respect to transactions denominated in currencies other than US$. In addition, in Mainland China, the Group principally conducted business in RMB, and is exposed to foreign currency risk with respect to transactions denominated in currencies other than RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of forward currency contracts).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB$'000
2024			
If the RMB weakens against the USD	**(5)**	**7,057**	**7,057**
If the RMB strengthens against the USD	**5**	**(7,057)**	**(7,057)**
If the RMB weakens against the HKD	**(5)**	**12,484**	**12,484**
If the RMB strengthens against the HKD	**5**	**(12,484)**	**(12,484)**
2023			
If the RMB weakens against the USD	(5)	8,199	8,199
If the RMB strengthens against the USD	5	(8,199)	(8,199)
If the RMB weakens against the HKD	(5)	11	11
If the RMB strengthens against the HKD	5	(11)	(11)

Credit risk

The Group only offers credit terms to recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the reporting period.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and notes receivables*	–	–	–	480,111	480,111
Amounts due from related parties	–	–	–	12,101	12,101
Financial assets included in prepayments, deposits and other receivables					
– Normal**	6,136	–	–	–	6,136
Time deposits					
– Not yet past due	59,677	–	–	–	59,677
Restricted cash					
– Not yet past due	7,857	–	–	–	7,857
Cash and cash equivalents					
– Not yet past due	451,928	–	–	–	451,928
Total	525,598	–	–	492,212	1,017,810

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and notes receivables*	–	–	–	309,119	309,119
Amounts due from related parties	–	–	–	12,081	12,081
Financial assets included in prepayments, deposits and other receivables					
– Normal**	10,291	–	–	–	10,291
Time deposits					
– Not yet past due	107,822	–	–	–	107,822
Cash and cash equivalents					
– Not yet past due	166,378	–	–	–	166,378
Total	284,491	–	–	321,200	605,691

* For trade and notes receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2024			
	Within 1 year or on demand RMB'000	**1 year to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
Financial liabilities included in other payables and accruals	**14,245**	**–**	**–**	**14,245**
Interest-bearing bank and other borrowings	**199,144**	**–**	**–**	**199,144**
Trade and bills payables	**311,322**	**–**	**–**	**311,322**
Lease liabilities	**13,607**	**14,703**	**–**	**28,310**
Due to related parties	**24,981**	**–**	**–**	**24,981**
Total	**563,299**	**14,703**	**–**	**578,002**

	2023			
	Within 1 year or on demand RMB'000	1 year to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Financial liabilities included in other payables and accruals	16,797	–	–	16,797
Interest-bearing bank and other borrowings	205,379	–	–	205,379
Trade payables	230,956	–	–	230,956
Convertible redeemable preferred shares*	–	3,099,563	–	3,099,563
Lease liabilities	7,765	2,555	–	10,320
Due to related parties	31,359	–	–	31,359
Total	492,256	3,102,118	–	3,594,374

* The amount represents the price to redeem the convertible redeemable preferred shares.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. As at 31 December 2024, the Group's debt-to-asset ratio was 64%.

38. EVENTS AFTER THE REPORTING PERIOD

On 21 February 2025, the Group established an independent framework by entering into the new Contractual Arrangements with Kongshan Internet Technology (Jiaxing) Co., Ltd., Jiaxing Qiniu Information Technologies Co., Ltd. and its shareholders. For details, please refer to the announcement of the Company dated 21 February 2025.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS		
Interests in subsidiaries	**1,726,729**	1,689,803
Total non-current assets	**1,726,729**	1,689,803
CURRENT ASSETS		
Prepayments, deposits and other receivables	**114**	5,193
Due from subsidiaries	**394,788**	177,999
Cash and cash equivalents	**147,071**	1,847
Total current assets	**541,973**	185,039
CURRENT LIABILITIES		
Other payables and accruals	**3,037**	6,859
Convertible redeemable preferred shares	**–**	3,215,039
Total current liabilities	**3,037**	3,221,898
NET CURRENT ASSETS/(LIABILITIES)	**538,936**	(3,036,859)
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,265,665**	(1,347,056)
NET ASSETS/(LIABILITIES)	**2,265,665**	(1,347,056)
EQUITY		
Share capital	**1,418**	31
Reserves	**2,264,247**	(1,347,087)
Total equity	**2,265,665**	(1,347,056)

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's equity is as follows:

	Share Capital RMB'000	Share option reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2023	31	136,685	(98,103)	(1,218,133)	(1,179,520)
Loss for the year	–	–	–	(176,650)	(176,650)
Other comprehensive income:					
Exchange differences on translation	–	–	(24,716)	–	(24,716)
Total comprehensive loss for the year	–	–	(24,716)	(176,650)	(201,366)
Equity-settled share option arrangements	–	33,830	–	–	33,830
At 31 December 2023	31	170,515	(122,819)	(1,394,783)	(1,347,056)

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note: (continued)

	Share Capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2024	31	–	170,515	(122,819)	(1,394,783)	(1,347,056)
Loss for the year	–	–	–	–	(321,122)	(321,122)
Other comprehensive income:						
Exchange differences on translation	–	–	–	11,299	–	11,299
Total comprehensive income/(loss) for the year	–	–	–	11,299	(321,122)	(309,823)
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs	114	380,584	–	–	–	380,698
Conversion of convertible redeemable preferred shares to ordinary shares	114	3,525,836	–	–	–	3,525,950
Capitalisation issue	1,159	(1,159)	–	–	–	–
Equity-settled share option arrangements	–	–	15,896	–	–	15,896
At 31 December 2024	1,418	3,905,261	186,411	(111,520)	(1,715,905)	2,265,665

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 21 March 2025.