China Parenting Network Holdings Limited

中國育兒網絡控股有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE:1736

2024年報

ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Lake Mozi *(Chairperson)*
Mr. Cheng Li
Mr. Lin Luofeng (resigned on 13 June 2024)
Ms. Ng Kwok Ying Isabella (resigned on 13 June 2024)

Non-Executive Directors

Mr. Zhang Haihua
Ms. Song Yuanyuan (appointed on 28 March 2024)
Ms. Li Juan (resigned on 28 March 2024)

Independent Non-Executive Directors

Mr. Zhao Zhen
Mr. Ge Ning (resigned on 5 December 2024)
Mr. Manley Poon
Ms. Nicole Huang Meng Ting
(appointed on 5 December 2024)

BOARD COMMITTEES

Audit Committee

Mr. Manley Poon *(Chairperson)*
Ms. Li Juan (resigned on 28 March 2024)
Ms. Song Yuanyuan (appointed on 28 March 2024)
Mr. Ge Ning (resigned on 5 December 2024)
Ms. Nicole Huang Meng Ting
(appointed on 5 December 2024)

Nomination Committee

Mr. Zhang Lake Mozi *(Chairperson)*
Mr. Zhao Zhen
Mr. Ge Ning (resigned on 5 December 2024)
Ms. Nicole Huang Meng Ting
(appointed on 5 December 2024)

Remuneration Committee

Mr. Ge Ning *(Chairperson)* (resigned on 5 December 2024)
Ms. Nicole Huang Meng Ting *(Chairperson)*
(appointed on 5 December 2024)
Mr. Zhao Zhen
Mr. Cheng Li

COMPANY SECRETARY

Mr. Zhang Lake Mozi

AUTHORISED REPRESENTATIVES

Mr. Cheng Li
Mr. Zhang Lake Mozi

AUDITOR

Confucius International CPA Limited

LEGAL ADVISERS TO OUR COMPANY

As to Hong Kong Law

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REGISTERED OFFICE IN THE CAYMAN ISLANDS

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Cayman Islands

CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Kowloon
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANK

Bank of China (Nanjing Chengnan Sub-branch)
25 Andemen Avenue, Yuhuatai District
Nanjing, Jiangsu Province, The PRC

STOCK CODE

1736

COMPANY WEBSITE

www.ci123.com

HIGHLIGHTS

KEY HIGHLIGHTS

CI Web focusing on innovation for 19 years mainly serves young families in China and provides the personalized smart family solutions to Chinese young families, which then allow it always to be the industry leadership. In 2024, the comprehensive service chain about family consumption was created by four core matrices, i.e. private domain, content, e-commerce and O2O matrices.

FINANCIAL HIGHLIGHTS

The following table sets forth the highlights of the consolidated statements of profit or loss of our Group for the year ended 31 December 2024.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue	**56,439**	57,444
Gross profit	**15,603**	2,501
Loss for the year attributable to owners of the Company	**(5,281)**	(48,181)

CHAIRPERSON'S STATEMENT

Dear Shareholders,

On behalf of the Board of directors of China Parenting Network Holdings Limited (the "Company", "we" or "CI Web") and its subsidiaries (collectively referred to as the "Group"), I am pleased to present to you the annual results of the Group for the year ended 31 December 2024 (the "Year" or "Reporting Period").

In 2024, the national fertility support policy is continuously improving, with multidimensional measures in place across the country — covering maternity subsidies, parental leave, and housing benefits — all of which provide favorable conditions for the mother-child industry. At the same time, the new generation of parents brings growth opportunities to the industry while driving demand for innovation, as they seek smarter and more personalized parenting solutions.

In the face of this trend, the Group continues to strengthen technology research and development and service upgrades and builds a more complete smart parenting ecosystem by integrating online communities, professional content and offline service resources. We work closely with competent authorities such as China Care for the Next Generation Working Committee to further increase family parenting skills by propagating scientific parenting knowledge. For commercial operation, we continue to optimize digital tools and service models, thereby creating more values for the partners and realizing a win-win situations for all parties.

As an enterprise that bears social responsibility, the Group consistently prioritizes sustainable development. We continuously strive to play an active role in supporting the community. In the past year, we continued to carry out various charity activities with a clear focus on concerning special groups. At the same time, we have integrated the concept of environmental protection into our daily operations, committing to promoting a green service model through innovation and practice.

Looking ahead to 2025, the Board has outlined a clear strategic direction: on the one hand, we continue to increase investment in AI technology research and development, focusing on innovation products including Smart Parenting Assistant. On the other hand, a new service model of "elderly + mother-child" will be piloted. We aim to explore intergenerational family service scenarios by creating the content IP of "Worry-free Pension House". We will also continue to monitor emerging market opportunities, such as those in Southeast Asia, to lay the groundwork for new mid- to long-term growth drivers.

On behalf of the Board, I would like to express my sincere gratitude to all shareholders. Definitely, we also appreciate all the employees for their professional contribution. They contribute wisdom and hardworking for creating a better company. Facing the future, CI Web will stay true to its missions of "providing services to domestic households in China". Driven by technological innovation and guided by user needs, we will contribute more to the sustainable development of society while creating commercial value.

Chairperson
Zhang Lake Mozi
31 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a leading mother-child platform in China, providing users with content, community, new media, e-commerce, smart hardware and other related services through a portfolio of websites and APPs including CI Web, Mama BBS APP, Pregnancy Tracker APP, new media matrix and mother-child online communities, covering areas including new retail, health, education, home entertainment and family travel, etc, committed to providing personalized smart home solutions for young Chinese families. CI Web advocates a confident, free and natural attitude toward life, leads an advanced, practical and scientific parenting method, and accompanies parents and children to grow together.

INDUSTRY REVIEW

The maternal and infant industry in China in 2024 was featured with remarkable resilience and vitality due to policy support, consumption upgrades, and technological advancements. The comprehensive innovation in the industry from products to services was boosted by the further implementation of the three-child policy, the evolving parenting concepts of the new generation of parents and the widespread adoption of smart products.

Market size expansion and lower-tier markets emerging as the growth engine

The anxiety around childbirth was alleviated by the continual favorable policy and the implementation of fertility support measures (such as extended maternity leave and childcare subsidies) to some extent in 2024, which drove steady growth in essential maternal and infant products, in which such growth was driven mainly by the second- and third-tier cities and below. The consumption potential of lower-tier markets was further exploited. The typical group "small-town parents" placed greater emphasis on cost-effectiveness and brand trust, which then accelerated the penetration of domestic maternal and infant brands into these markets.

Consumption Upgrade: From "Basic Demand" to "High-quality Parenting"

In the whole year of 2024, the consumption upgrade was popular mainly in new-generation (post-90s and post-95s) parents and shown by the following three trends:

1. Focus on health and safety: Consumers were significantly more sensitive to the ingredients and quality of the product. Such products as organic formula, additive-free baby food and Class-A infant clothing saw notable sales growth. The market share of domestic formula brands was increased continuously depending on "Fresh Milk Sources", "Full Supply Chain Transparency" and other selling points.

2. Rigid demand on intellectualized parenting: The intelligent hardware was fully penetrated in parenting scenarios. The products like AI-powered baby monitors, automatic temperature control feeding bottles and smart diaper moisture monitor became hot seller. Additionally, the Tech companies started to engage in the maternal and infant products, which then accelerated the"intellectualized parenting"in family.

3. Rise of personalization and emotional consumption: The demand surged on the customized maternal and infant services (such as genetic testing and tailored nutrition plans). The user loyalty of maternal and infant brands was strengthened through "Exclusive IP Collaborations" and "Parent-child Interaction Designs", etc.

Channel Innovation: Combination of Livestreaming E-commerce and Private Traffic

Online channels were still the main marketing channel, in which the livestreaming e-commerce was further developed to be the main battleground for brand marketing in the livesreaming rooms for maternal and infant products on typical Douyin and Kuaishou Platforms. During the 2024 "Double 11" shopping festival, the sustainable growth of transaction volume was achieved through livestreaming. Moreover, the collaborations between influencer hosts and professional parenting KOLs (such as pediatricians and early education experts) became more and more common.

User ecosystem built in private domain: The leading brand enterprises used WeChat and mini program mall, etc. to create a "one-stop parenting service chain" for a closed-loop experience from product purchase to parenting consultation.

BUSINESS REVIEW

CI Web focusing on innovation for 19 years mainly serves young families in China and provides the personalized smart family solutions to Chinese young families, which then allow it always to be the industry leadership. In 2024, the comprehensive service chain about family consumption was created by four core matrices, i.e. private domain, content, e-commerce and O2O matrices.

The new-generation maternal and infant family consumption was further enhanced based on platform, relevant group, content and activity. Through the comprehensive family consumption chain, a full-open, multi-scenario ecosystem was created to realize the outer circulation of communicating effect.

User expansion to unlock user potential — further development of new-generation maternal infant family consumption potential

The core community matrix was continuously expanded while the private traffic from high-loyalty users was achieved, which currently covers over 5.26 million users across more than 27,300 communities, including more than 12,500 master mom groups, more than 7,500 group-leader distribution groups, more than 6,000 parenting exchange groups, more than 800 local travel groups and more than 500 IP fan groups. Through customer absorption in global domain and operation in private domain, user conversion, repurchase and word of mouth, a professional, comprehensive health operation mode was created to activate the private domain GMV.

On the other hand, the high-quality content was continuously enhanced according to the preferences of new-generation maternal and infant families. Such high-quality content was exported by two ways. The first one is to identify precisely the user demand to provide better professional scientific parenting guidance and services. The cooperation with the professional organizations such as China Care Work Committee and National Health Commission was also strengthened. In response to national policies, CI Web and Child Development Research Center of China Care Work Committee are working to alleviate childbearing and parenting anxieties among Chinese families by continuously developing the curriculum system and relevant knowledge for the parents with children at the age of 0-6 and also invite various societal forces to participate in improving the curriculum system and further enhance the ability to serve both parents and school. The second one is to focus on hot parenting topics. The diversified content for young people to help young families with better parenting in scientific way, and then accelerate the brand penetration online. Such services as parenting Q&A and expert consultations were provided depending on more than 3,200 internal and external excellent talents and more than 800 authoritative parenting experts.

Outward Expansion for increase in value-added brands — achievement in outer circulation of communicating effect

In 2024, CI Web continued to output the marketing content about brand logic and scenarios to create multidimensional brand image used for high-efficiency user conversion. The key factors for value-added brands meeting the demands of "young people" were determined to enhance the brand product promotion. In this way, the brand building and business growth were achieved together.

Three key public relation, i.e. endorsements, curated campaigns and ESG approaching into the public were used to create the brand image, deliver the brand values and finally create the "super brand" which was discussed about and followed by people. Additionally, three e-commerce agency services, i.e. the traditional e-commerce agency service, the live-streaming e-commerce agency service and content-driven e-commerce agency service were provided to achieve both brand business operation and customer acquisition at the consumer-side ("**C-end**") sales and merchant-side ("**B-end**").

The brand potential was also enhanced through various channels to establish stable distribution networks. The data of CI Web revealed that over 25,000 maternal and infant stores utilized Mom Store SaaS System and that over 40,000 educational institutions utilized Jiaowubao in the education system on CI Web. Moreover, the "Parents-child Weekend" platform served over 10,000 offline merchants, and facilitated accumulative 30 million families to travel. The online and offline channels are combined by developing the professional systematic sustained channel activities, including training programs, industry summits, team-building initiatives, and channel expansion, which built the bridge between the distributors and brands to enhance user conversions, brand value and sales growth, ultimately empowering sustainable brand business growth.

FUTURE PROSPECTS

CI Web has always been committed to providing personalised smart family solutions for young families in China, so it will continue to innovate and make progress, continuously improve its ecological layout, and help the brand's business continue to grow.

At the same time, CI Web has also been committed to fulfilling its mission of "serving more families with practical solutions" and constantly exploring the frontiers of the industry. According to in-depth research, China has entered the stage of "deep aging", and many families are in urgent need of solutions to the problems of the elderly. CI Web added the elements of elderly life to the original content matrix to create the content IP of "Worry-free Pension House", adhering to the principle of "Enhance the quality of life for seniors, savoring happiness and health for a lifetime", based on the pension service, expanding the service as a feature, to create a pension housekeeper loved by the elderly and trusted by the young.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2024 was approximately RMB56.4 million, representing a decrease of approximately 1.7% over approximately RMB57.4 million for the year ended 31 December 2023, total revenue was almost the same as that of the year 2023. In 2024, revenue from the sale of goods decreased and revenue from advertising and promotional services increased. The decrease in revenue from the sale of goods primarily due to fierce price competition in the market; and the increase in revenue from advertising and promotional services primarily due to the Company's increased effort in expanding its overseas customers, yielded significant results, and the overseas revenue for the year ended 31 December 2024 amounted to approximately RMB14.6 million, representing an increase of approximately 217.4% as compared to the overseas revenue of approximately RMB4.6 million for the year ended 31 December 2023.

Cost of sales

The Group's cost of sales for the year ended 31 December 2024 was approximately RMB40.8 million, representing a decrease of approximately 25.7% over approximately RMB54.9 million for the year ended 31 December 2023, primarily due to the decrease in revenue from the low-margin merchandising business, resulting in the decrease in costs.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 December 2024 was approximately RMB15.6 million, representing an increase of approximately 524% over approximately RMB2.5 million for the year ended 31 December 2023. During the year ended 31 December 2024, the Group's gross profit margin increased from approximately 4.4% for the year ended 31 December 2023 to approximately 27.7%, primarily due to the fact that the overall gross profit margin recovered during the year as a result of the abandonment of some ultra-low gross profit margin businesses and the expansion of high-quality overseas customers.

Other income, gains and losses

The Group's other income, gains and losses for the year ended 31 December 2024 was approximately RMB10.5 million, representing an increase of approximately 425% compared to approximately RMB2.0 million for the year ended 31 December 2023, primarily due to the increase in gain on disposal and deemed disposal of subsidiaries during the period, details are set out in Note 6 to the consolidated financial statements.

Selling and distribution expenses

The Group's selling and distribution expenses for the year ended 31 December 2024 was approximately RMB5.0 million, representing a decrease of approximately 63.5% over approximately RMB13.7 million for the year ended 31 December 2023, primarily attributable to the decrease in marketing and promotion expenses and the decrease in the number of marketing personnel.

Administrative expenses

The Group's administrative expenses for the year ended 31 December 2024 was approximately RMB12.4 million, representing a decrease of approximately 10.8% over approximately RMB13.9 million for the year ended 31 December 2023, primarily due to decrease in agency fees and rentals.

Research and development costs

The Group's research and development ("**R&D**") cost for the year ended 31 December 2024 was approximately RMB3.3 million, representing a decrease of approximately 61.6% over approximately RMB8.6 million for the year ended 31 December 2023, primarily attributable to decrease in expenditure on technical services purchased externally and decrease in technical personnel.

Income tax credit

The Group's income tax credit for the year ended 31 December 2024 was nil, representing a decrease of approximately 100% over approximately RMB0.27 million of income tax credit for the year ended 31 December 2023.

Loss for the Year

As a result of the factors described above, the Group's net loss for the year ended 31 December 2024 was approximately RMB5.3 million, representing a decrease of approximately 89% over approximately RMB48.2 million of net loss for the year ended 31 December 2023, primarily due to the increase in gross profit and the gain on disposal and deemed disposal of subsidiaries.

Loss per share

During the Year, the loss per share was approximately RMB0.016, representing a decrease of approximately 91.9% over approximately RMB0.197 of the loss per share in 2023.

Gearing ratio

As of 31 December 2024, the gearing ratio of the Group (calculated as total liabilities over total assets) was 112.3% (2023: 68.6%).

Capital expenditure

Our capital expenditure was RMB0.06 million for the year ended 31 December 2024 (2023: RMB0.02 million). The Group's capital expenditures were mainly related to the purchases of servers, computers, office equipment.

Liquidity and capital resources

As at 31 December 2024, the net current liability of the Group was approximately RMB20.4 million (2023: net current liability of the Group was approximately RMB9.0 million) and the cash and cash equivalents were approximately RMB2.8 million (2023: approximately RMB9.3 million).

As at 31 December 2024, the Group had borrowings of approximately RMB21.5 million (2023: approximately RMB37.7 million), which included other borrowings of approximately RMB21.5 million (2023: guaranteed bank loans denominated in RMB of approximately RMB17.5 million and other borrowings of approximately RMB20.2 million).

The Group has internal budgeting systems in place to ensure that if and when cash is committed to fund major expenditures there is sufficient cash flow to maintain the Group's daily operations and meet all of its contractual obligations.

The Group funds its operations with revenue from its operating activities. The Group also has cash inflows from interest income and collections. Key drivers in the Group's sources of cash are primarily the Group's sales, and their cash inflows depends on the Group's ability to collect payments. There have been no material changes in the Group's underlying drivers during the Reporting Period.

Foreign exchange exposure

The Group's transactions are mainly denominated in RMB. Part of the cash and bank deposits of the Group are denominated in Hong Kong dollars. During the year ended 31 December 2024, the Group did not experience any material impact or liquidity problems in its operation resulting from the changes in exchange rate nor enter into hedging transaction or forward contract arrangement. However, the management closely monitors foreign exchange exposure to ensure appropriate measures are implemented in a timely and effective manner. In this regard, the Group is not exposed to any significant foreign currency exchange risk in its operation.

Capital structure

The shares of the Company were listed on the GEM of the Stock Exchange on 8 July 2015 and the listing of shares of the Company has been transferred to the Main Board of the Stock Exchange on 8 October 2018. The capital structure of the Company comprised ordinary shares and 345,662,343 shares in issue as at 31 December 2024.

Employees, training and remuneration policy

The remuneration committee of the Company will review and determine the remuneration and compensation packages of Directors with reference to their responsibilities, workload, and the time devoted to the Group and the performance of the Group. In general, the Group determines employees' salaries based on their performance and length of services. The Board believes the salaries and benefits provided to the employees are competitive with local market standards. The Group also contributes to the social insurance in the PRC.

The Group has implemented training for new employees during their course of employment in order to ensure that employees are able to meet the job requirements. In addition, the Group will occasionally arrange internal and external trainings for the Group's employees. For external trainings, external speakers who have extensive experience in information technology may be invited to attend the Group's office to perform the training, and for internal trainings, the topics may include finance, accounting, risk management or information technology and such trainings will be conducted by the relevant department. The Group considers these onjob trainings are necessary for the employees to handle issues which may arise in their day to day operations and can enhance their ethic and morale.

As at 31 December 2024, the Group had a total of 50 employees including executive Directors (2023: 49 employees). Total staff costs were approximately RMB6.7 million for the year ended 31 December 2024 (2023: approximately RMB13.0 million).

Material acquisitions and disposals of subsidiaries

Disposal of Nanjing Wanhui Information Technology Company Limited ("Nanjing Wanhui")

On 15 January 2024, Nanjing Wanhui (an indirect wholly-owned subsidiary of the Company), Xibai (Nanjing) Information Technology Co., Ltd.* (矽柏(南京)信息技術有限公司) (the "**Nanjing Xibai**") (as vendor) and Nanjing Zhiye Enterprise Management Co., Ltd.* (南京智冶企業管理有限公司) (the "**Purchaser**") entered into the disposal agreement, pursuant to which the Purchaser conditionally agreed to acquire and Nanjing Xibai conditionally agreed to dispose of the entire issued share capital of Nanjing Wanhui Information Technology Company Limited* (南京灣匯信息科技有限公司), a wholly-owned subsidiary of Nanjing Xibai, at an aggregate consideration of RMB19,090,000. In March 2024, such disposal has been completed. Details of which are set out in the Company's announcement dated 15 January 2024 and circular dated 28 February 2024.

Deemed disposal of Nanjing Xihui Information Technology Company Limited ("Nanjing Xihui") and Nanjing Xirui Information Technology Company Limited ("Nanjing Xirui")

On 31 December 2024, (i) Nanjing Xibai, (ii) Nanjing Yilaoyixiao Information Technology Company Limited ("**Nanjing Yilaoyixiao**") and (iii) 南京希藍信息技術合夥企業(有限合夥) and 南京希蘭信息技術合夥企業(有限合夥) (collective, the "**New Registered Shareholders**") entered into the new structured contracts; and (ii) Nanjing Xihui agreed to enter into the business and asset transfer agreement with Nanjing Yilaoyixiao, pursuant to which certain assets, contracts and employees of Nanjing Xihui was transferred to Nanjing Yilaoyixiao.

On 31 December 2024, (i) Nanjing Xibai, (ii) Nanjing Xihui and (iii) Mr. Cheng Li, the executive Director and Ms. Li Juan (collectively, the "**Existing Registered Shareholders**") entered into a termination agreement to terminate the existing contractual arrangement of Nanjing Xihui. Accordingly, Nanjing Xihui ceased to be accounted as a subsidiary of the Company. Business of Nanjing Xihui was transferred to Nanjing Yilaoyixiao. Therefore, Nanjing Yilaoyixiao has applied and been granted for the relevant licenses which are required to engage in the principal business in replacement of Nanjing Xihui. As Nanjing Xihui ceased to be a subsidiary of the Company, Nanjing Xirui, as a wholly-owned subsidiary of Nanjing Xihui, also ceased to be a subsidiary of the Company.

Events after the reporting period

On 20 February 2025, Nanjing Yiran Information Technology Co., Ltd.* (南京怡然信息技術有限公司) (the "**New WFOE**"), the New Registered Shareholders entered into the exclusive business cooperation agreement, the exclusive option agreement, the equity interest pledge agreement and the power of attorneys; and Nanjing Xibai entered into the business and asset transfer agreement with the New WFOE, pursuant to which the business and certain assets of Nanjing Xibai shall be transferred to the New WFOE. Details of which are set out in the Company's announcement dated 20 February 2025. On 1 March 2025, Nanjing Xibai, Nanjing Yilaoyixiao and the New Registered Shareholders entered into the termination agreement to terminate the contractual arrangement of Nanjing Xibai.

On 26 March 2025, the Company proposes to (i) implement the share consolidation on the basis that every eight (8) issued and unissued existing shares of par value of HK$0.05 each be consolidated into one (1) consolidated share of HK$0.4 each; (ii) to implement the capital reduction, immediately following the share consolidation becoming effective, by cancelling the paid up capital to the extent of HK$0.35 on each of the then issued consolidated shares such that the par value of each issued consolidated share will be reduced from HK$0.4 to HK$0.05; and (iii) to implement the share sub-division, immediately following the capital reduction, each of the authorised but unissued consolidated shares of par value of HK$0.4 each be sub-divided into eight (8) new shares of par value of HK$0.05 each. At the date of this report, the share consolidation, the capital reduction and the share sub-division have not yet completed, details of which are set out in the Company's announcements dated 26 March 2025, 2 April 2025 and 15 April 2025.

Charges of assets

As at 31 December 2024, the Group did not make any pledged bank deposit (2023: Nil).

Contingent liabilities

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

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

FINANCIAL ASSETS

As at 31 December 2024, details of financial assets designated at fair value through other comprehensive income are as follows:

	Name of the relevant company	Proportion of shares held as at 31 December 2024	Investment cost	Fair value of investment as at 31 December 2024[1]	Proportion of investment in 2024 to the total asset of the Company as at 31 December 2024	Principal Business	Change of fair value of investment comparing with 31 December 2023
1	Nanjing Yunqulu Network Technology Company Limited* (南京雲曲率網絡科技有限公司)	17.20%	RMB10,000,000	RMB308,833.76	0.69%	To provide effective incubator services for startup mother-child enterprises on the CI Web. Similar to the innovative factory in the mother-child industry, Yunqulu provides angel funding, technical support and staff training for the startup mother-child enterprises.	RMB234,065.36
2	Nanjing Jufeng Engine Information Technology Company Limited* (南京颶風引擎信息技術有限公司)	18.10%	RMB13,000,000	RMB239,994.62	0.54%	Nanjing Jufeng Engine provides a high performance, high efficiency, drag-and-drop zero-code application development ecosystem based on cloud native.	RMB–10,444,259.61
3	Nanjing Liqi Information Technology Co., Ltd (南京立啟信息技術有限公司)	17.00%	RMB6,000,000	RMB180,425.60	0.40%	Provision of integrated platform system for digital currency exchanges based on block chain technology. This system provides services of issuance, management and trading of digital currencies. On the basis of fully supporting the Bitcoin trading system, this system further improves its digital currency trading mechanism with block chain query and management functions and continuously optimizes its core functions and increases the comprehensive functional advantages of the product by enhancing of security protection level, leveraged financial transaction system and platform promotion and operation mechanism.	RMB–1,495,485.40
4	Nanjing Baicheng Medical Technology Company Limited* (南京柏橙醫療科技有限公司)	17.20%	RMB16,000,000	RMB114,540.37	0.26%	Provision of one-stop integrated information system construction for hospitals, and the construction of end-to-end medical service platform covering pre-diagnosis, in-diagnosis and post-diagnosis stages. Having leading system capabilities and product advantages in cloud-based family medical and smart medical areas, Baicheng Medical is able to assist CI Web to better connect and serve the mother-child families through the internet.	RMB–899,434.03
5	Nanjing Zhiren Cloud Information Technology Company Limited* (南京智人雲信息技術有限公司)	17.20%	RMB10,000,000	RMB0.00	0.00%	Principal activities are the provision of container cloud management platform, artificial intelligence cloud platform, public cloud and private cloud services based on microservices.	RMB0.00

	Name of the relevant company	Proportion of shares held as at 31 December 2024	Investment cost	Fair value of investment as at 31 December 2024[1]	Proportion of investment in 2024 to the total asset of the Company as at 31 December 2024	Principal Business	Change of fair value of investment comparing with 31 December 2023
6	Nanjing Free Chain Information Technology Company Limited* (南京自由鏈信息技術有限公司)	17.20%	RMB10,000,000	RMB0.00	0.00%	Establishment of interconnections between internet devices in different regions with its unique solutions, construction of decentralized transmission network to achieve independent collaboration and the expansion of business scale. Such kind of internet is not subject to the limitation of computing power and storage, thus empowers the internet with strong expansion capabilities to achieve true decentralization, openness, self-motivation, privacy and security.	RMB–3,727,222.80
7	Nanjing Duomai Information Technology Company Limited* (南京多麥信息科技有限公司)	18.08%	RMB16,000,000	RMB0.00	0.00%	A service company for mother-child businesses. It provides assistance for privatized customer assets during the Internet era, expanding the Internet customer base and improving operational efficiency through its products and services. In particular, through the provision of integrated solutions such as micromalls, new retailing and mini programs, it provides assistance for the transformation and upgrade towards smart business for small and medium-sized mother-child enterprises.	RMB–2,838,885.44
8	Nanjing Youchao Information Technology Co., Ltd.* (南京優潮信息技術有限公司)	19.00%	RMB7,000,000	RMB0.00	0.00%	Provision of enterprise online education platform which focuses on the training of product managers. The business is divided into three aspects: enterprise orientation training, internal enterprise staff training and vocational skill training.	RMB–2,519,362.00

Notes:

(1) Further details of the fair value measurement of the Group are set out in note 36 to the consolidated financial statements of the annual report. As at the date of this report, the Group has not received any interest distribution for the year ended 31 December 2024.

(2) During the year ended 31 December 2024, the Group has sold two financial assets designated at fair value through other comprehensive income: Nanjing Mengmiao Education Technology Co., Ltd.* (南京萌苗教育科技有限公司) and Nanjing Suyun Xiupu Information Technology Co., Ltd.* (南京速雲秀普信息科技有限公司).

(3) During the year ended 31 December 2024, as a result of the termination of contractual arrangement, the Group is deemed to have sold four financial assets designated at fair value through other comprehensive income as a result of the termination of contractual arrangement: Nanjing Hongdou Information Technology Company Limited* (南京紅豆信息技術有限公司), Shanghai Baiyi Animation Cultural Broadcasting Company Limited* (上海百逸動漫文化傳播有限公司), Shanghai Shijiu Information Technology Co., Ltd.* (上海視九信息科技有限公司) and Shanghai Beijia Network Technology Co., Ltd.* (上海蓓嘉網絡科技有限公司). Details of contractual arrangement are set out in the note 30(b) to consolidated financial statements.

(4) During the year ended 31 December 2024, the Group's nine financial assets designated at fair value through other comprehensive income, namely Nanjing Shenkong Vision Artificial Intelligence Technology Development Company Limited* (南京深空視線人工智能技術研發有限公司), Nanjing Duozan Health Technology Company Limited* (南京多贊健康科技有限公司), Nanjing Luobo Information Technology Company Limited* (南京蘿播信息技術有限公司), Guangzhou Muyun Electronic Commerce Co., Ltd.* (廣州沐雲電子商務有限公司), Guangzhou Baxianguohai Information Technology Co., Ltd.* (廣州八仙過海信息科技有限公司), Nanjing Xianju Information Technology Co., Ltd.* (南京先巨信息技術有限公司), Nanjing Qianguang Information Technology Co., Ltd.* (南京千光信息技術有限公司), Nanjing Yuanhui Information Technology Co., Ltd.* (南京遠匯信息技術有限公司) and Nanjing Youke Workshop Information Technology Co., Ltd.* (南京優客工坊信息技術有限公司), were deregistered due to insolvency during the year.

As at 31 December 2024, the details of financial assets at fair value through profit or loss and the details of significant investment with a carrying value more than 5% of the total assets of the Group are as follow:

Name of the relevant company	Proportion of shares held as at 31 December 2024	Investment cost	Fair value of investment as at 31 December 2024	Proportion of investment in 2024 to the total asset of the Company as at 31 December 2024	Principal Business	Unrealised gain/(loss) on change in fair value for the year ended 31 December 2024	Realised gain/(loss) for the year ended 31 December 2024	Dividend income for the year ended 31 December 2024
CCLOUD TECH LIMITED	17.64%	HK$50,000,000.00	RMB5,670,813.26	12.65%	Technology development and operation combining block chain technology with the entity economy and the provision of cross-border consumer service platform, cross-border global education platform, cross-border new retail business platform, block chain information service and technology trading platform, high-speed and cross-chain trading system based on intelligence contracts, system testing for block chain security system and block chain service platform.	RMB121,372.21	–	–

The Company continued to track and monitor its investments and conduct third-party professional evaluation. As most of the Company's investments are emerging market growth companies, In addition to the financial performance, the Company considers its investment management in the following aspects:

- effective output from the application of the industrial chain, including technological output;
- operating condition, including the achievement of business objectives, standardization of the corporate governance structure, and the stability of core talents; and
- judgment on the future growth prospects of the industry it located and technology market.

In view of the rapid development of AI, the rapid iteration of household consumption demand and the decline in the number of newborns, the Company has decisively adjusted its investment strategy to downsize and liquidate its investment in outdated Internet technologies. The Group's current investment decisions are closely centered around cutting-edge technology trends, and we are fully committed to promoting in-depth digital transformation in the upstream and downstream of the industrial chain. By utilizing AI technology, we have broken the limitations of traditional business models and facilitated brand upgrading, which is highly consistent with the Company's strategic layout. In this process, investment in AI technology and its application scenarios has become a core direction to ensure that we seize the initiative in the rapidly changing market environment.

LOANS TO OTHER ENTITIES

The balance represents loans extended to unrelated third parties, bearing interest rates of 6.0% to 8.0% per annum for periods of 12 to 36 months. The entering into these loan facility agreements with these third parties are for the long-term interest of the Group.

Details of loans to other entities as at 31 December 2024 are set out below:

	Name of the relevant company	Borrowing made to the relevant company as at 31 December 2024	Annual interest rate as at 31 December 2024	Term of loan	Loan Guarantee as at 31 December 2024	Carrying value of loan as at 31 December 2024	Proportion of loan to the total asset of the Company as at 31 December 2024	Principal Business	Accumulated interest income for the year ended 31 December 2024
1	Nanjing Qianyu Information Technology Company Limited* (南京千魚信息技術有限公司)	RMB12,000,000.00	6%	36 months	Guaranteed by a wholly-owned subsidiary of an A share listed company	RMB13,386,125.91	29.86%	Primary engaged in the operation of a platform for parent-child consumption.	RMB5,047,890.41
2	Beijing Hongwei Technology Company Limited* (北京宏偉科技有限公司)	RMB4,000,000.00	8%	24 months	N/A	RMB0.00	0.00%	Providing equipment support to medical institution and developing online platform for health consultation.	RMB2,299,178.08

Name of the relevant person	Borrowing made to the relevant person as at 31 December 2024	Term of loan	Loan Guarantee as at 31 December 2024	Carrying value of loan as at 31 December 2024	Proportion of loan to the total asset of the Company as at 31 December 2024	Accumulated interest income for the year ended 31 December 2024
顧能國	RMB181,300.00	24 months	N/A	RMB171,149.58	0.38%	RMB0.00

In 2020, the Company entered into the Loan Contract with Shenzhen Feishikang Technology Company Limited ("Shenzhen Feishikang"), under which the Group provided a loan of RMB1 million to Shenzhen Feishikang with an interest rate of 6% per annum, and the debt was guaranteed by 7 shareholders of Shenzhen Feishikang according to their shareholding ratio. In 2021, the Group entered into the Repayment Agreement with 7 shareholders of Shenzhen Feishikang, which provides for the repayment of the principal and interest of total RMB1.06 million of the loan debt payable by Shenzhen Feishikang to the Company by the 7 shareholders in accordance with the guarantee ratio within five years. As at 31 December 2024, the Group has received repayment of RMB878,700. Six of the shareholders paid off their responsible part of the loan. Details of the pending repayment of RMB181,300 are noted as above.

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT OBJECTIVES AND POLICIES

The Group is a vertical online platform for the CBM (children, babies and maternity) market. In relation to its business development, family-related business of the Group refers to business that uses Internet technology to address the needs of new generation home consumers as target customers, such as early education, entertainment, health and services. On the basis of its existing core business, the family-related business of the Group still adheres to the original family-based user groups of its CBM platform, and forms a new maternal and child ecological layout with diversified maternal and child family services. It also extends the traditional and single maternal and child services to several cross-sector segments including health, education, finance and entertainment by way of investment and strategic cooperation, further expanding the types of family services and customer reach, prolonging user life-cycle, and meeting the increasing long-tail demands from the mother-child groups.

There have been rapid changes in the Internet industry and the competition in online advertising and e-commerce market and related O2O business is intense. The Group intends to expand into new core sectors such as new socialized retail, family medical, family education and internet technology with external empowerment. Leveraging the investments in the companies engaged in relevant new sectors, the Company will be able to reduce its costs to a certain extent and enter such new sectors in a quicker manner, as well as gain technology reserves and Internet traffic from new resources.

As for its investment strategy, in line with its principal business and for its future business development, the Company targets on investments in entities which are principally engaged in CBM and family related business chain and related technology research and development. The Company has adopted investment policies which it will take into account when making its investment decisions. In general, the Company prefers long-term investments as opposed to short-term ones and usually invests in targeted entities for more than one year. For the Company's mode of investment, the Company may adopt equity investments through acquisition of shareholdings in the targeted entities or loan financings by providing facilities to the targeted entities depending on, among others, potential rate of return which generally shall be not less than 6% per annum or the prevailing one-year fixed deposit interest rate published by the People's Bank of China (whichever is higher), strategic cooperation with the invested entities of the company, negotiation with the counterparties as well as compliance with legal and regulatory requirements. In order to reduce its participation in the operation and management of its investments so as to focus on its existing business, the Company generally does not invest in more than 20% shareholding in the targeted entities.

In addition to financial returns, the Directors expect that the investments will create synergies to the Group's business in terms of upgrade in technologies, enrichment of contents as well as expansion of coverage of value-added services which in turn result in enhancement of operational efficiency, user experience and user base. Depending on the business natures of the invested companies, the Group usually requires the invested companies to share their relevant technologies to offer selected contents such as games, animations and audio and video contents of them for the Platform, to share user data and network for promotion of the Group's APPs, and to support the Group's provision of value-added services to its users. The Group has a certain scale of investment activities. Failure to promptly and effectively manage investment risks may affect realization of investment strategies. The risk resulting from adverse movements in industry market could also impact the Group's investment.

The Group has formed an investment team (the "team"). The team's member consisted of the Group's chief executive officer, chief financial officer, marketing director, technical director and operation director who are experienced in the Internet industry. The team has been continuously paying attention to the market influence and technological development of the investment areas related to the CBM business chain. The Group continuously monitor the status of business development and financial exposure of investees and conducts regular assessments. The Group also strictly requires the invested entities to use the proceeds of the Group's investments for the sole purpose of the planned business development projects as agreed by the Group.

DIRECTORS AND SENIOR MANAGEMENT'S PROFILE

DIRECTORS

Executive Directors

Mr. Cheng Li (程力), aged 42, is an executive Director and our chief executive officer. Mr. Cheng was appointed as a Director on 11 February 2015. He is also the legal representative of Nanjing Yiran Information Technology Co., Ltd. (南京怡然信息技術有限公司) and Nanjing Yilaoyixiao Information Technology Company Limited, and a member of the remuneration committee. Mr. Cheng is responsible for management of the day-to-day operations of our Group. Mr. Cheng joined our Group as a graduate program engineer of Nanjing Xinchuang in April 2005. Mr. Cheng has more than 15 years of working experience in the information technology industry. During his employment with our Group in the past years, Mr. Cheng was initially responsible for website development and maintenance and has been gradually promoted to the management level of our Group responsible for overseeing the general operation and management of our Group. Mr. Cheng obtained a bachelor degree in management majoring in e-commerce in June 2006 from Southeast University (東南大學) in the PRC. He obtained his Master of Business Administration degree from China Europe International Business School in November 2017.

Mr. Zhang Lake Mozi, aged 39, is an executive Director, chairperson, chief financial officer and company secretary. Mr. Zhang was appointed as a Director on 11 February 2015. Mr. Zhang was appointed as the chairperson of the Board and the chairperson of Nomination Committee on 31 July 2020. Mr. Zhang is responsible for the overall management, strategic planning and management of finance and investors' relationship of our Group. Mr. Zhang was a director of Kingdom Music Education Group Limited in 2017. Mr. Zhang was a director of CHINA MA Investment Limited (香港中馬投資有限公司) which he co-founded in August 2012. From February 2011 to August 2012, Mr. Zhang worked as a marketing director in Beijing Xuyihe Culture Media Co., Ltd. (北京旭羿和文化傳媒有限公司). Mr. Zhang obtained a bachelor degree of arts majoring in economics and minoring in mathematics from the University of Alberta in Canada in June 2009. Mr. Zhang has obtained a postgraduate degree from the EMBA program at Guanghua School of Management of Peking University in January 2021.

DIRECTORS AND SENIOR MANAGEMENT'S PROFILE

Non-executive Directors

Mr. Zhang Haihua (張 海 華), aged 57, is a non-executive Director. Mr. Zhang was appointed as a Director on 31 July 2020. Mr. Zhang has been serving as a non-executive director of Beijing Taikong Works Culture Development Co., Ltd. (北京華映星球文化發展股份有限公司) (NEEQ Stock Code: 836846) since May 2020. He has been acting as a partner and the general manger of Shanghai AMVC Culture Investment Management Center (上海早鳥文化投資管理中心) since January 2020. From August 2011 to December 2019, Mr. Zhang served as a manager of CHS Media Co., Ltd. (強視傳媒有限公司). From January 2008 to July 2011, Mr. Zhang worked in Zhejiang Hengdian TV and Film Production Co., Ltd. (浙江橫店影視製作有限公司) as the chief executive officer and the supervisor of the TV drama division. From March 2007 to December 2007, he worked as the general manager of Zhejiang Hengdian Catering Management Co., Ltd. (浙江橫店餐飲管理有限公司). From February 2004 to February 2007, Mr. Zhang worked as the general manger of Zhejiang Hengdian World Studios Management Service Co., Ltd. (浙江橫店影視城管理服務有限公司) and the responsible person of the Hengdian Performers Association (橫店演員公會). From March 2002 to January 2004, Mr. Zhang worked as the general manager of Shandong Heze Prataculture Development Co., Ltd. (山東菏澤草業發展有限公司) and Shandong Heze Husbandry Development Co., Ltd. (山東菏澤畜牧發展有限公司). From March 2000 to February 2002, he acted as the general manager of Hengdian Ecological Engineering Co., Ltd. (橫店生態工程有限公司). From August 1997 to February 2000, Mr. Zhang served as the office supervisor of Zhejiang Hengdian World Studios Co., Ltd. (浙江橫店影視城有限公司). From August 1988 to July 1997, he acted as the secretary of Youth League Committee of the Bureau of Education of Dongyang City, Zhejiang Province (浙江省東陽市教育局). Mr. Zhang graduated as an undergraduate from Zhejiang Wanli University in China in 1988, majoring in mechatronics. He graduated from the School of Management, Shanghai Jiaotong University in 2003, majoring in business administration.

Ms. Song Yuanyuan (宋媛媛), aged 45, has been appointed as a non-executive Director from 28 March 2024.Ms. Song is a professional investor and invests in listed companies and private companies in industries such as IT services, media and real estate. Ms. Song previously held a financial management position at "CEC NEIIC (CEC中電熊貓)". Ms. Song graduated from China University of Geosciences (Beijing), majoring in accounting.

DIRECTORS AND SENIOR MANAGEMENT'S PROFILE

Independent Non-executive Directors

Mr. Zhao Zhen (趙　臻), aged 56, is an independent non-executive Director. Mr. Zhao was appointed as a Director on 19 June 2015. Mr. Zhao is a member of the remuneration committee and the nomination committee. Mr. Zhao worked as a Manager of System/Software Engineering in Hewlett-Packard from March 2004 to March 2008. Mr. Zhao obtained a bachelor degree majoring in aero-engine from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) (formally known as Nanjing Aeronautics College (南京航空學院)) in July 1990. He obtained a master degree of science in January 1996 and a master degree of science in October 1997 both from Rutgers, The State University of New Jersey in the United States.

Mr. Manley Poon (潘文柅), aged 51, has been appointed as an independent non-executive Director with effect from 13 April 2023. Mr. Poon has over 10 years of business experience. Mr. Poon had worked as a financial controller for CannAwake Corporation, the shares of which are traded in the OTC markets. He previously worked at well-known accounting and consulting firms, during which he provided business and operational consulting services to multinational corporations, state-owned enterprises and private equity funds in the United States and the PRC, focusing in the natural resources industries. Mr. Poon holds a Bachelor of Arts degree in Economics from the University of Tennessee, USA. He is a Certified Practitioner of Asset Management Association in China.

Ms. Nicole Huang Meng Ting (黃夢婷), aged 34, has been appointed as an independent non-executive Director with effect from 5 December 2024. Ms. Huang has over 8 years of experience in credit management and marketing within the financial and e-commerce sectors. From July 2016 to December 2020, Ms. Huang served as the credit control manager at Bank of China Consumer Finance Co., Ltd., a subsidiary of the Bank of China, headquartered in Shanghai, during which she oversaw credit management for various branches and accounts across China. From October 2012 to April 2016, Ms. Huang served as the marketing manager at Shanghai Kaytune Industrial Co., Ltd., an e-commerce company, where she handled various marketing activities. Ms. Huang graduated with a Bachelor's degree in Marketing from Anqing Normal University.

Save as disclosed above, there are no other directorships held by our Directors in any listed company whose securities are listed on any stock exchange in Hong Kong or overseas within the three years preceding the date of this annual report.

DIRECTORS AND SENIOR MANAGEMENT'S PROFILE

SENIOR MANAGEMENT

Mr. Wang Wei (王煒), aged 38, is the technology director of the Company responsible for the strategic development planning and management of the development department of the Group. Mr. Wang joined the Group in July 2012. Mr. Wang graduated from Nanjing Population Management Cadre College (南京人口幹部管理學院) in June 2009, majoring in e-commerce.

Ms. Zhang Wanting, aged 32, is the account director of the Company responsible for the overall planning and management of the Group's advertisement sales and customer services. Ms. Zhang joined the Group in June 2015. Ms. Zhang obtained a bachelor's degree in management from the Department of Humanities of Nanjing Normal University in June 2015, majoring in advertising management.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the change of Directors' information of the Company since the date of 2024 interim report are as follows:

The Company has entered into a supplemental service agreement with Mr. Zhang Haihua on 27 December 2024, pursuant to which the annual director's fee of Mr. Zhang Haihua was increased from nil to HK $100,000 with effect from 2025.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company believes that good corporate governance practices are very essential for maintaining and promoting investor confidence as well as the sustainable growth of the Company. The Board sets appropriate policies and implements relevant corporate governance practices with a view to further develop our business and achieve business growth. The Board is committed to strengthening the Company's corporate governance practices, to ensure transparency and accountability of the Company's operations.

The Group has adopted the code provisions set out in the corporate governance code (the "CG Code") contained in Appendix C1 of the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange. In the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code for the year ended 31 December 2024.

The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix C3 to the Listing Rules as its code of conduct regarding the Directors' dealings in securities of the Company. Having made specific enquiry to all the Directors of the Company, the Directors confirmed that they have complied with the Model Code during the year ended 31 December 2024.

WRITTEN GUIDELINES FOR RELEVANT EMPLOYEES IN RESPECT OF THEIR DEALINGS IN SECURITIES

The Company has established written guidelines on the employees' dealings in the securities of the Company on terms which are no less exacting than the Model Code (the "Employees Written Guidelines") to regulate the dealings in the securities of the Company by employees (including the Directors or employees of the subsidiaries or holding company of the Company) who are likely to possess inside information of the Company and/or its securities. The Company is not aware of any non-compliance of the Employees Written Guidelines by the employees during the year ended 31 December 2024.

Should the Company becomes aware of any restricted period for dealings in the Company's securities, the Directors and relevant employees shall be notified in advance.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board consists of seven Directors, including two executive Directors: Mr. Zhang Lake Mozi (Chairperson of the Board), Mr. Cheng Li; two non-executive Directors: Ms. Song Yuanyuan and Mr. Zhang Haihua; three independent non-executive Directors: Mr. Manley Poon, Mr. Zhao Zhen and Ms. Nicole Huang Meng Ting.

The Board is responsible for supervising the management of the business and affairs of the Company and ensuring that it is managed in the best interests of the Shareholders and the Company as a whole while also taking into account the interests of other stakeholders of the Company. The Board is also responsible for formulating the business strategy, reviewing and monitoring the business performance of the Company, approving the financial statements and annual budgets as well as directing and supervising the management of the Company. Execution of operational matters and the powers thereof are delegated to the management by the Board with clear directions. Our management will provide updated reports to the Board on a regular basis to give a fair and understandable assessment of the performance, position, recent development and prospect of the Company in sufficient details.

The biographical details of the Directors are set out in the section headed "Directors and Senior Management's Profile" of this annual report. There is no relationship (including financial, business, family or other material/relevant relationships) between the members of the Board. Each executive Director is suitably qualified for his/her position, and has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently.

Details of each Director's remuneration for the year ended 31 December 2024 are set out in note 9 to the consolidated financial statements.

Ms. Nichole Huang Meng Ting has obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 5 December 2024.

CHAIRPERSON AND THE CHIEF EXECUTIVE OFFICER

The Company supports the division of responsibilities of the Chairperson of the Board and the Chief Executive Officer in order to ensure balance of power and authorities. Mr. Zhang Lake Mozi is the Chairperson of the Company and Mr. Cheng Li is the Chief Executive Officer of the Company.

The Chairperson provides leadership and is responsible for the overall operation and strategic planning of the Company, ensuring the effective functioning of the Board in accordance with good corporate governance practice and facilitating all Directors to contribute responsibly and diligently to the Board, while the Chief Executive Officer focuses on the daily management of the business of the Group, and implements such objectives, policies, strategies and business plans as approved and instructed by the Board.

INDEPENDENT ADVICE

The Board has established a mechanism to ensure that the Board has access to independent views and opinions and the Board reviews the implementation and effectiveness of the mechanism on an annual basis.

The Directors and their committees shall have access to independent professional advisers' advices if considered necessary. The Directors may also seek independent professional advices on matters related to the Company to fulfill their responsibilities at the Company's expense after obtaining the approval of the Chairperson of the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS

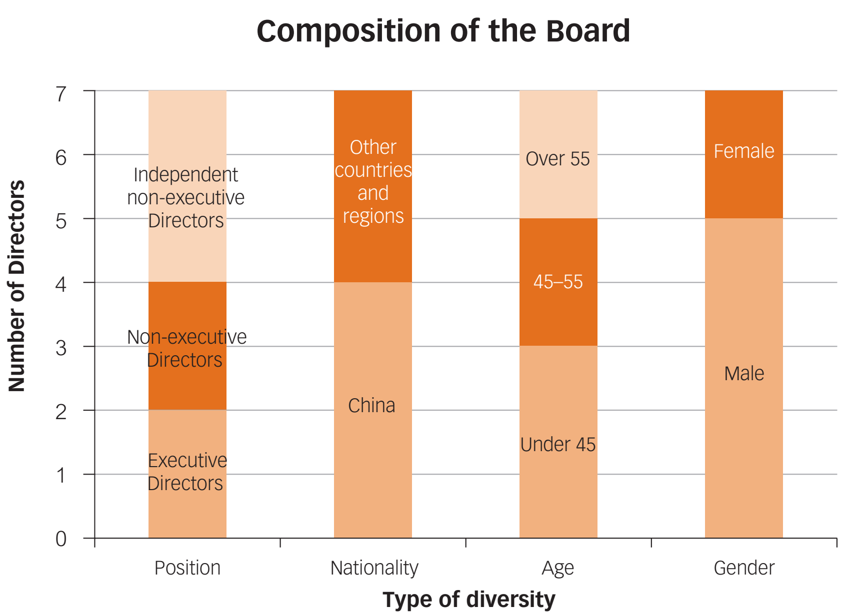
Independent non-executive Directors play a significant role in the Board by providing their independent judgments at the Board meeting and scrutinizing the Company's performance. Their views carry significant weight in the Board's decisions, in particular, they bring an impartial view on issues regarding the Company's strategy, performance and control. The independent non-executive Directors possess various skills and experience in their respective fields and provide their independent advices on the Company's business strategies, results and management and ensure that all interests of Shareholders have been taken into account and the interests of the Company and its Shareholders are protected. The independent non-executive Directors of the Company are suitably qualified for their position, and have sufficient experience to hold the position so as to carry out their duties effectively and efficiently.

As at the date of this report, the Company has three independent non-executive Directors, representing at least one-third of the Board as required under Rules 3.10(1) and 3.10A, respectively of the Listing Rules. Furthermore, one of the independent non-executive Directors, namely Mr. Manley Poon possesses professional financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Company has received the annual confirmations of independence from each of the existing independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. As at the date of this report, none of the independent non- executive Directors has held any directorship in each other's companies or has any significant relationship with other Directors. Based on the contents of such confirmations, the Company considers that all the independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 3.13 of the Listing Rules.

BOARD DIVERSITY POLICY

The Company recognizes and embraces the benefits of board diversity. The Board adopted a board diversity policy on 19 June 2015. Selection of candidates will be conducted by the Board based on diversified perspectives, including but not limited to gender, race, cultural background, educational background, industry and professional experience so as to enhance the Board's operational efficiency and maintain a high standard of corporate governance. Measurable objectives under the board diversity policy include age and gender. As at 31 December 2024, the Company was of the view that it has complied with the board diversity policy and the diversity of the Board was as follow:



(i) In terms of gender diversity of the Board , the Board currently has 7 Directors, including 2 female Directors. The Board believes that compared with a single-gender board, we have achieved gender diversity to a certain extent.

(ii) The Board will uphold the principles of openness, equity and fairness, and take into consideration the board diversity policy in recruitment and promotion, so as to ensure that the Board has diversified channels for candidates to fill management positions when vacancies arise.

The perspectives, skills and experience of the Board members including but not limited to:

- Commercial operations and technical experience in related industry sectors
- Executive management and leadership skills
- Professional financial management expertise
- International/domestic business experience
- Government, legal and public policy experience
- Investment and financing experience

The final decision on the nomination of candidates to be elected as the Board members will be made based on the merits of relevant candidates and his/her possible contribution to the Board after taking into account the benefits of board diversity without focusing on a single diversity aspect. As at the date of this report, the nomination committee and the Board believe that the existing diversity of the Board will maintain its effective operation. The nomination committee and the Board will review the board diversity policy on a regular basis to ensure its effectiveness and achieve higher standard in a timely manner.

For details of the members of the Board, please refer to "Directors and Senior Management's Profile".

As at 31 December 2024, the Group had a total of 50 employees (including the Directors and senior management), of whom 76% were female and 24% were male. Although we have not set any measurable objective to achieve gender diversity at the level of employees, we will continue to abide by the Company's human resources policy and diversity policy, giving equal consideration and opportunities to all qualified candidates.

TRAINING AND SUPPORT FOR DIRECTORS

All Directors know their responsibilities as directors and the operation and business activities of the Company. The Company would give any newly appointed Director an induction package covering the Group's operations, businesses, governance policies and the statutory regulatory obligations and responsibilities of a director of a listed company. The Directors have been informed of the requirement under code provision C.1.4 of the CG Code regarding continuous professional development. According to the records maintained by the Company, all Directors have received the training during the year ended 31 December 2024 on the roles, functions and duties of a director of a listed company, the subjects of which covered corporate governance, regulations and regulatory updates and industry trends related to the Company's business, so as to be in line with the requirements of the CG Code on continuous professional development. The Directors participated in the sustainable development during the Reporting Period were as follows:

Name of Director	Types of Training
Executive Directors	
Mr. Zhang Lake Mozi	A and B
Mr. Cheng Li	A and B
Mr. Lin Luofeng (resigned on 13 June 2024)	A and B
Ms. Ng Kwok Ying Isabella (resigned on 13 June 2024)	A and B
Non-executive Directors	
Ms. Li Juan (resigned on 28 March 2024)	B
Ms. Song Yuanyuan (appointed on 28 March 2024)	A and B
Mr. Zhang Haihua	A and B
Independent non-executive Directors	
Mr. Zhao Zhen	A and B
Mr. Ge Ning (resigned on 5 December 2024)	A and B
Mr. Manley Poon	A and B
Ms. Nicole Huang Meng Ting (appointed on 5 December 2024)	A and B

A: Attend training/meetings arranged by the Company or other external parties (including in person or by electronic means of communication)

B: Reading the relevant materials

DIRECTORS' AND OFFICERS' INSURANCE

The Company has arranged appropriate insurance coverage in respect of potential legal actions against its Directors and officers.

MEETINGS

The Board meets to discuss the overall strategy as well as the operation and financial performance of the Company from time to time. Directors may participate either in person or through electronic means of communications. The Board should hold at least 4 meetings annually. In 2024, the Board has held 4 regular meetings. Apart from regular Board meetings, the chairman also held one meeting with all independent non-executive Directors during the Year.

The attendance record of each Director at the meetings of the Board for the year ended 31 December 2024 is set out below:

Name of Director	Attendance/Number of Meeting(s) of the Board
Executive Directors	
Mr. Zhang Lake Mozi	4/4
Mr. Cheng Li	4/4
Mr. Lin Luofeng (resigned on 13 June 2024)	2/4
Ms. Ng Kwok Ying Isabella (resigned on 13 June 2024)	2/4
Non-executive Directors	
Ms. Li Juan (resigned on 28 March 2024)	1/4
Mr. Zhang Haihua	4/4
Ms. Song Yuanyuan (appointed on 28 March 2024)	3/4
Independent non-executive Directors	
Mr. Ge Ning (resigned on 5 December 2024)	4/4
Mr. Zhao Zhen	4/4
Mr. Manley Poon	4/4
Ms. Nicole Huang Meng Ting (appointed on 5 December 2024)	0/4

All Directors are provided with relevant materials relating to the matters brought before the meetings. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible. All Directors have the opportunity to include matters in the agenda for Board meetings. Notices of the regular Board meetings are given to the Directors at least 14 days in advance and Board procedures are complied with the articles of association of the Company (the “Articles of Association”), as well as relevant rules and regulations.

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2024, the Company convened one annual general meeting on 15 June 2024 and one extraordinary general meeting was convened on 13 March 2024 and 15 March 2024 respectively. The attendance of each Director is set out below:

Name of Director	Attendance/Number of General Meeting(s)
Executive Directors	
Mr. Zhang Lake Mozi	1/3
Mr. Cheng Li	3/3
Mr. Lin Luofeng (resigned on 13 June 2024)	0/3
Ms. Ng Kwok Ying Isabella (resigned on 13 June 2024)	0/3
Non-executive Directors	
Ms. Li Juan (resigned on 28 March 2024)	2/3
Mr. Zhang Haihua	0/3
Ms. Song Yuanyuan (appointed on 28 March 2024)	1/3
Independent non-executive Directors	
Mr. Ge Ning (resigned on 5 December 2024)	3/3
Mr. Zhao Zhen	1/3
Mr. Manley Poon	3/3
Ms. Nicole Huang Meng Ting (appointed on 5 December 2024)	0/3

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors and non-executive Directors has entered into a service contract with the Company for an initial term of three years, which will continue therefore until terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years, which will continue therefore until terminated by not less than three months' notice in writing served by either party on the other.

The Directors are subject to retirement by rotation and re-election of each Director at an annual general meeting at least once every three years in accordance with the Articles of Association. According to provisions in the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. The Articles of Association have no provisions relating to retirement of Directors upon reaching any age limit. The Articles of Association provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At the forthcoming annual general meeting of the Company (the "2024 AGM"), Mr. Cheng Li, Mr. Zhang Haihua and Ms. Nicole Huang Meng Ting shall retire by rotation on the 2024 AGM in accordance with Articles of Association. All of the said retiring Directors are eligible and are willing to be re-elected at the 2024 AGM. The Board and the Nomination Committee recommended the reappointment of these Directors. The circular of 2024 AGM of the Company containing the detailed information of the above retiring Directors as required by the Listing Rules will be sent in accordance with articles of association of the Company and the Listing Rules.

No Director proposed for re-election at the 2024 AGM has entered into a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than the normal statutory obligations.

BOARD COMMITTEES

The Board has established (i) an audit committee, (ii) a remuneration committee; and (iii) a nomination committee, with defined terms of reference. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance under the appropriate circumstances, at the Company's expenses.

AUDIT COMMITTEE

The primary duties of the audit committee of the Company are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of the financial reporting matters; and oversee internal control procedures of our Company. During the Reporting Period, the audit committee of our Company consists of three members, namely the independent non-executive Directors Mr. Manley Poon, the independent non-executive Director Mr. Ge Ning (resigned on 5 December 2024), the independent non-executive Director Ms. Nicole Huang Meng Ting (appointed on 5 December 2024), and the non-executive Director Ms. Song Yuanyuan. Mr. Manley Poon is the chairman of the audit committee of the Company. Members of the audit committee of the Company comply with Rule 3.21 of the Listing Rules. The written terms of reference of the audit committee are posted on the Hong Kong Stock Exchange's website and the Company's website.

The audit committee of the Company had reviewed the Company's audited annual results for the year ended 31 December 2024, and was of the opinion that the relevant financial statements have been prepared in accordance with the applicable accounting standards and requirements and that adequate disclosure has been made. The audit committee of the Company has also reviewed the accounting principles and practices adopted by the Group, and the selection and appointment of the external auditor. In addition, the audit committee of the Company have reviewed the risk management and internal control system of the Company for the year 2024.

During the year ended 31 December 2024, the audit committee held three meetings to consider and approve among others the following:

(a) to review the Company's consolidated financial result for the year ended 31 December 2023 and the six months ended 30 June 2024 before submission to the Board, with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting of the audit committee;

(b) to discuss the effectiveness of the internal controls system throughout the Company, including financial, operational and compliance controls, and risk management;

(c) to review the accounting principles and practices adopted by the Company and other financial reporting matters;

(d) to review the engagement of the auditor and to make recommendations to the Board; and

(e) to review the terms of reference of the audit committee in order to comply with the codes and rules in effect from time to time as amended by the Hong Kong Stock Exchange.

The individual record of each member of the audit committee at the meeting is set out below:

Name of Director	Attendance/Number of Audit Committee Meeting(s)
Mr. Manley Poon	3/3
Mr. Ge Ning (resigned on 5 December 2024)	3/3
Ms. Song Yuanyuan (appointed on 28 March 2024)	2/3
Ms. Li Juan (resigned on 28 March 2024)	1/3

In addition to the above audit committee meeting, the independent non-executive Directors of the audit committee has also held one separate meeting during the Year.

REMUNERATION COMMITTEE

The primary duties of the remuneration committee of our Company are to make recommendation to the Board on the overall remuneration policy and structure of all Directors and senior management of our Company; to review performance-based remuneration; and to ensure none of our Directors or any of their associates (as defined under the Listing Rules) determine their own remuneration. The remuneration committee consists of three members, namely the independent non-executive Director Mr. Ge Ning (resigned on 5 December 2024), the independent non-executive Director Ms. Nicole Huang Meng Ting (appointed on 5 December 2024), the independent non-executive Director Mr. Zhao Zhen and the executive Director Mr. Cheng Li. Mr. Ge Ning is the chairman of the remuneration committee. The written terms of reference of the remuneration committee are posted on the Hong Kong Stock Exchange's website and the Company's website.

During the Year, the remuneration committee had surveyed peer companies' remuneration package and reviewed the remuneration packages of the executive Directors and the senior management. The remuneration committee also reviewed the Share Option Scheme and the Share Award Plan adopted by the Company, as well as the benefit plans to the key employees.

For the year ended 31 December 2024, the Company has held one remuneration committee meeting. The record of attendance is set out below:

Name of Director	Attendance/Number of Remuneration Committee Meeting(s)
Mr. Ge Ning (resigned on 5 December 2024)	1/1
Mr. Zhao Zhen	1/1
Mr. Cheng Li	1/1

NOMINATION COMMITTEE

The primary duties of the nomination committee are to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; assess the independence of the independent non-executive Directors; and make recommendations to the Board on matters related to the appointment or re-appointment of Directors. The nomination committee consists of three members, namely the executive Director Mr. Zhang Lake Mozi, the independent non-executive Director Ms. Nicole Huang Meng Ting and the independent non-executive Director Mr. Zhao Zhen. Mr. Zhang Lake Mozi is the chairperson of the nomination committee.

The written terms of reference of the nomination committee have been revised and adopted on 27 April 2023. The primary regulation of the nomination committee is when making any recommendation, the nomination committee shall be bound by the restriction that a majority of the members of the Board shall at all times be persons who are Chinese nationals in accordance with the Nationality Law of the People's Republic of China. The written terms of reference of the nomination committee are posted on the Hong Kong Stock Exchange's website and the Company's website.

Nomination Policy

In assessing the suitability of a proposed candidate, the nomination committee uses the following factors as reference: (a) reputation; (b) available time; (c) diversity in all aspects of the Board, which representing the interests of the relevant sectors, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and service tenure; and (d) balanced distribution of skills and experience of the Board members, in order to provide different points of view, perspectives and insights, which enable the Board to perform its duties effectively and formulate appropriate strategies for the Company's core business as well as implement its succession plan and development. The above factors are for reference only and are not intended to cover all aspects. The final decision will be based on the merits of relevant candidates and his/her potential contribution to the Board.

For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. The Nomination Committee shall then evaluate such candidate based on the criteria as set out in the nomination policy and recommend to appoint the appropriate candidate for directorship.

During the Year, the Nomination Committee has reviewed the structure, size and the composition of the Board to ensure that the Board has a balance of speciality, skills and experience; reviewed and recommended the re-election of the retiring Directors standing for re-election at the Company's annual general meeting held on 18 June 2024, and considered diversified policy of Directors when selecting candidates of Directors; and made assessment of the independence of all the independent non-executive Directors.

For the year ended 31 December 2024, the Company has held one nomination committee meeting. The record of attendance is set out below:

Name of Director	Attendance/Number of Nomination Committee Meeting(s)
Mr. Zhang Lake Mozi	1/1
Mr. Ge Ning (resigned on 5 December 2024)	1/1
Mr. Zhao Zhen	1/1

DELEGATION OF THE CORPORATE GOVERNANCE FUNCTION

The Board has delegated the responsibilities of corporate governance as set out under Code Provision A.2.1 of the CG Code to the Audit Committee. During the Year, the Audit Committee has reviewed and monitored the corporate governance policies and practices of the Company; the training and continuous professional development of the Directors and senior management; the compliance status of the Company on such policies and practices as required by the laws and regulations, the Model Code and the Employees' Written Guidance; the compliance status of the Company on the CG Code; and the disclosure set out in the Corporate Governance Report.

COMPANY SECRETARY

The company secretary of the Company is Mr. Zhang Lake Mozi. Mr. Zhang Lake Mozi was appointed as the company secretary on 11 February 2015 and act as the sole company secretary of the Company from 20 August 2018. Mr. Zhang Lake Mozi's biographical details are set out in the section headed "Directors and Senior Management's Profile" of this annual report. Mr. Zhang Lake Mozi has informed the Company that he has received no less than 15 hours of professional training and satisfied the requirements under the Rule 3.29 of the Listing Rules in 2024. The Company considers the training of the company secretary in 2024 is in compliance with the requirements under Rule 3.29 of the Listing Rules.

FINANCIAL REPORTING

The Board, supported by the chief financial officer and the finance department, is responsible for the preparation of the financial statements of the Company and the Group for each financial year which shall give a true and fair view of the financial position, performance and cash flow of the Company and its subsidiaries for the Year.

The responsibilities of Confucius International CPA Limited, the Company's external auditors, on the financial statements are set out in the section headed "Independent Auditor's Report" of this annual report.

AUDITOR'S REMUNERATION

The audit committee is responsible for making recommendation to the Board on the appointment, re-appointment and removal of the authorized external auditors, to approve the remuneration and terms of engagement of the external auditors, and to deal with any questions regarding the resignation or dismissal of the external auditors.

The Company proposed to re-appoint Confucius International CPA Limited as the auditor of the Company. For the year ended 31 December 2024, the total fee paid/payable in respect of audit and non-audit services provided by the Company's external auditors is set out below:

Items of auditor's services	2024 Amount RMB'000
Audit services: Annual audit service	**1,000**
Total	**1,000**

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group recognises that good risk management is essential for the long-term and sustainable growth of a business. The Board is responsible for maintaining adequate and effective risk management and internal controls to protect assets of Shareholders and the Group and is also responsible for its effectiveness. The Board entrusts the audit committee to review the Group's internal control system. Management is responsible for the design, implementation and maintenance of a sound and effective internal control system underpinning the risk management framework. While taking into full account of the new requirements effective from 1 January 2016 under the Listing Rules brought by Hong Kong Exchanges and Clearing Limited relating to risk management and internal control, the management also takes into consideration of the Group's actual business and operating environment in formulating the risk management and control framework.

The objectives of the risk management and internal control framework of the Group include:

- to enhance the risk management and internal control of the Group in compliance with the requirement of Listing Rules;
- to establish and constantly improve the risk management and internal control system;
- to implement a top-down and company-wide risk management system that covers every aspect of the business; and
- to keep the baseline risk within an acceptable range.

Risk Management Process

The Group was engaged in the internet industry, so its business is characterized by diversity and rapid change. The Group has adopted a three-tier risk management approach to dynamically identify, assess, mitigate and handle risks. At the first line of defence, business units are responsible for identifying, assessing and monitoring risks associated with each business or deal, and report such results to the management. As the second line of defence, the management collects, sorts out and analyzes the significant risks of the Group to formulate its control policies and adopt appropriate corresponding strategies and shall report to the audit committee before reporting to the Board. The management ensures that the first line of defence is effective. As the final line of defence, the audit committee of the Company ensures that to assess and determine the nature of risk and its acceptability to ensure achieving strategic goals, and the first and second lines are effective through continuous inspection and monitoring.

Internal Control

We are in compliance with the five key factors of the entire internal control structure issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), which includes environment control, risk assessment, control activity, information and communication and supervision for setting up the internal control system.

The management of the Group is responsible for designing, implementing and maintaining the effectiveness of the internal control system. The Board and the audit committee are responsible for supervising and monitoring the appropriateness of the management's internal control and whether such internal control is effectively implemented.

The Group's internal control system clearly defines the management's responsibilities, authorizations and approvals of the parties regarding key actions, and formulates clear policies and procedures on important business processes and conveyed such policies and procedures to its employees. They mainly covered:

- sales and money collection management
- procurement and payment management
- asset management (including fixed asset and intangible asset)
- research and development management
- human resources and remuneration management
- capital management
- financial report management
- tax management
- general control of information system

The Group has its internal control manual on cash and treasury management in place to ensure that any future investments into structured deposits and/or wealth management products will comply with Chapter 14 of the Listing Rules. Relevant staff training has also been enhanced.

The Board and the audit committee review the effectiveness and adequacy of risk management and internal controls semi-annually. The Board and audit committee also took adequacy of resources, capacity and experience of employees, training courses and relative budget of the Company's accounting and financial reporting function into consideration.

Such procedures could reasonably but not absolutely guarantee that there was no material error, omission and fraud, and reduce but not remove mistakes in the Company's operating system and target business procedures.

The Company has conducted a promotion of business ethics for our Directors, staff and others who have contacts with the Company (e.g. clients and suppliers) in order to enhance its fraud prevention and control. The Company has also established various reporting channels in accordance with different types of fraud and misconduct or persons of different ranks with a policy to protect whistleblowers.

During the Year, the Group has conducted a quarterly review on whether there is a need for an internal audit department. Given the Group's relatively simple organisational structure and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, supported by the audit committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness. The Group will continue to review whether necessary changes should be made regarding the establishment of an independent internal audit department at the appropriate time.

During the Year, based on information furnished to it and on its own observations, the Board, through the audit committee had reviewed and is satisfied with the effectiveness and adequacy of present internal controls and risk management of the Company and considers that the Group's risk management and internal control systems for the year ended 31 December 2024 was effective and adequate.

DISCLOSURE OF INSIDE INFORMATION

The Company acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The Company has established a policy on disclosure of inside information and reviewed its effectiveness regularly. The procedures and internal controls for the handling and dissemination of inside information include:

- the Company conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Company has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;
- the Company has strictly prohibited unauthorised use of confidential or inside information;
- the Company has established and implemented procedures for responding to external enquiries about the Company's affairs, so that only the executive Directors, company secretary and investor relations officers are authorised to communicate with parties outside the Company; and
- if any employee is aware of any project, transaction, information or event which may constitute insider information, he/she should contact the Company Secretary as soon as possible. Analysis and consultations with the Directors and senior executives will be made so as to identify whether any such information constitutes inside information and is required to be disclosed to the public pursuant to the Securities and Futures Ordinance.

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of maintaining clear, timely and effective communication with the Shareholders and investors of the Company. Therefore, the Company is committed to maintaining a high degree of transparency to ensure the investors and the Shareholders receiving accurate, clear, comprehensive and timely information of the Group by the publication of annual reports, interim reports, announcements and circular. The Company also publishes all corporate correspondence on the Company's website www.ci123.com. The Board maintains regular dialogues with institutional investors and analysts from time to time to keep them informed of the Company's strategies, operations, management and plans.

The Company also encourages Shareholders' active participation in annual general meetings and other general meetings or other proper means. As such, the Company must send notices to Shareholders for convening of annual general meetings not less than twenty-one (21) clear days before the meeting and not less than fourteen (14) clear days for all other general meetings including extraordinary general meeting. Members of the Board and of the various Board committees will attend the annual general meeting of the Company and answer questions raised during the meeting. The Company's external auditor will also attend the annual general meeting to answer questions relating to the conduct of the audit, the auditor's report and auditor independence. The Company's Shareholders may also propose candidates for election as a Director of the Company according to the procedures set out in the Company Website.

Separate resolutions would be proposed at the general meeting on each substantially separate issue. The chairman of the general meetings of the Company would explain the procedures for conducting poll before putting a resolution to vote. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll. An external scrutineer will be appointed to monitor and count the votes cast by poll. The results of the voting by poll will be declared at the meeting and published on the websites of The Stock Exchange of Hong Kong Limited and the Company respectively.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting and put forward proposals at general meetings

Pursuant to Article 58 of the Articles of Association, the Board may convene an extraordinary general meetings whenever it thinks fit. Any one or more Members holding at the date of deposit of the requisition no less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be convened by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Shareholders who wish to propose a resolution may request the convening of a general meeting of Shareholders and submit a resolution at the meeting in accordance with the above requirements and procedures.

Procedures for Shareholders to send their enquiries and concerns to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to Mr. Zhang Lake Mozi, the company secretary of the Company via following:

Recipient: Mr. Zhang Lake Mozi
Address: Room 1001, 10th Floor, Wecan Technology Building, 21 Andmen Street, Yuhuatai District, Nanjing City, Jiangsu Province, the PRC
Telephone number: 025-69571992

The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the chief executive officer of the Company.

Based on the above, the Board considered the implementation of the Shareholders' communication policy was effective during the year ended 31 December 2024.

DIVIDEND POLICY

Pursuant to Code Provision F.1.1 of the CG Code, the Company should have a policy on payment of dividends.

The Company has formulated its dividend policy. Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at a general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the Shareholders such interim dividends. The proposed declaration of dividends will be at the discretion of our Directors and will depend on our earnings, financial condition, capital requirements, surplus and any other factors that our Directors may consider relevant. The declaration and payment of the dividend is also subject to any restrictions under the Companies Law of the Cayman Islands and the Articles of Association. The Dividend Policy will be reviewed and revised from time to time by the Board when necessary and there can be no assurance that dividends will be paid in any particular amount for any given period. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

CONSTITUTIONAL DOCUMENTS

For the year ended 31 December 2024, there had been no other significant change to the Articles of Association.

DIRECTORS' REPORT

The Directors are pleased to present their report and audited accounts of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 1 to the consolidated financial statements.

BUSINESS REVIEW

Detailed business review and future development of business is set out in the sections of "Chairperson's Statement" and "Management Discussion and Analysis" of this annual report. Relevant review and discussions form part of this directors' report. As far as the Board is aware, the Company and its subsidiaries have complied in material respects with the relevant laws and regulations that have a significant impact on their business and operation. An analysis of the Group's performance during the year using financial key performance indicators is set out in the section of "Management Discussion and Analysis" of this annual report.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on the last page of the annual report. The summary does not form part of the audited financial statements.

RESULTS AND DIVIDEND

The Group's results for the year ended 31 December 2024 are set out in the consolidated financial statement of the report.

No interim dividend was paid by the Company during the financial year of 2024.

The Board does not recommend the payment of a final dividend for the twelve months ended 31 December 2024 (twelve months ended 31 December 2023: nil).

ANNUAL GENERAL MEETING

The 2024 AGM of the Company will be held on 30 June 2025 (Monday). The notice of the AGM and other relevant documents will be published and despatched to the shareholders of the Company in due course in the manner prescribed by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the transfer books and register of members of the Company will be closed from 25 June 2025 (Wednesday) to 30 June 2025 (Monday), both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the AGM, all shares transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 24 June 2025 (Tuesday).

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in the Group's property, plant and equipment during the Year are set out in note 14 to the consolidated financial statements.

BORROWINGS

Particulars of the borrowings of the Group as at 31 December 2024 are set out in note 25 to the consolidated financial statements.

SHARE CAPITAL

Details of the movement in the Company's share capital during the Year are set out in note 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

RESERVES

Details of the movement in reserves of the Company and the Group during the Year are set out in note 29 and consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves that are available for distribution, calculated in accordance with the Companies Law, amounted to RMBNil (2023: RMBNil).

DIRECTORS' REPORT

DIRECTORS

The Directors as of 31 December 2024 and up to the date of this report are:

Executive Directors

Mr. Zhang Lake Mozi *(Chairperson)*
Mr. Cheng Li

Non-executive Directors

Mr. Zhang Haihua
Ms. Song Yuanyuan (appointed on 28 March 2024)

Independent non-executive Directors

Mr. Zhao Zhen
Mr. Manley Poon
Ms. Nicole Huang Meng Ting (appointed on 5 December 2024)

Pursuant to the Articles of Association, three Directors of the Company, including Mr. Cheng Li, Ms. Nicole Huang Meng Ting and Mr. Zhang Haihua shall retire at the 2024 AGM and, being eligible, offer themselves for re-election at the 2024 AGM.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and non-executive Directors has entered into a service contract with the Company for an initial term of three years, which will continue therefore until terminated by not less than three months' notice in writing served by either party on the other.

Each of Mr. Cheng Li and Mr. Zhang Lake Mozi entered into a service contract with the Company for an initial term of three years commencing from 8 July 2015. Mr. Zhang Lake Mozi has been appointed as the chairperson of the Board on 31 July 2020. He has not entered into a new appointment letter with the Company. His Director service contract with the Company will continue.

Mr. Zhang Haihua has entered into a service contract with the Company for a term of three years commencing from 31 July 2020, which will continue thereafter unless and until terminated by not less than three months' notice in writing served by either party to the other.

Ms. Song Yuanyuan has entered into a Director service contract with the Company for a term of three years commencing from 28 March 2024, which will continue thereafter unless and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Zhao Zhen has entered into a letter of appointment with the Company for an initial term of three years commencing from 8 July 2015, which will continue therefore until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Manley Poon has entered into a letter of appointment with the Company as an independent non-executive Director on 13 April, 2023. The independent non-executive Directors of the Company are appointed for a specific term of three years.

Ms. Nicole Huang Meng Ting has entered into a letter of appointment with the Company as an independent non-executive Director on 5 December 2024. The independent non-executive Directors of the Company are appointed for a specific term of three years.

Save as disclosed above, none of the Directors who proposed to be re-elected at the 2024 AGM of the Company has entered into a service contract that are not determinable within one year without payment of compensation (other than statutory compensation).

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in the section headed "Connected Transactions" of this report and note 34 (Related Party Transactions) to the consolidated financial statements, no Director nor any entity related to the Directors had a material interest, either directly or indirectly, in any transactions, arrangements and contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Year.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURE

At no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

As at 31 December 2024, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Hong Kong Stock Exchange pursuant to Appendix C3 of the Listing Rules are as follows:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of Director	Nature of Interest	Number of Shares or Underlying Shares	Approximate Percentage of Shareholding
Mr. Cheng Li[(1)]	Interest in a controlled corporation	24,000,000	6.94%
Ms. Song Yuanyuan[(2)]	Interest in a controlled corporation	12,446,537	3.60%

Notes:

(1) Victory Glory Holdings Limited ("Victory Glory") is directly and wholly owned by Mr. Cheng Li, who is therefore deemed to be interested in all the shares held by Victory Glory.

(2) XI-F-AI PTE.LTD. ("XI-F-AI") is directly and wholly owned by Ms. Song Yuanyuan , who is therefore deemed to be interested in all the shares held by XI-F-AI.

INTERESTS IN OTHER MEMBERS OF THE GROUP (LONG POSITIONS)

Name of Director	Name of Subsidiary	Nature of Interest	Approximate Percentage of Shareholding
Mr. Cheng Li	Nanjing Yilaoyixiao Information Technology Company Limited ("Nanjing YLYX")	interest in a controlled corporation (Note 2)	90%
	Nanjing Xinchuang Micro Machinery and Electronic Technology Company Limited	Beneficial owner	15%
Ms. Song Yuanyuan	Nanjing Yilaoyixiao Information Technology Company Limited	interest in a controlled corporation (Note 3)	10%

Notes:

(1) Pursuant to the contractual arrangement, each of Nanjing Yilaoyixiao and Nanjing Xinchuang is deemed to be a wholly owned subsidiary of the Company.

(2) Nanjing Xilan Information Technology Co., Ltd.* (南京希瀾信息技術有限公司) ("Nanjing Xilan") is the sole general partner of Nanjing Xilan Information Technology Partnership (Limited Partnership)* 南京希藍信息技術合夥企業(有限合夥) ("LLP1") and is held as to 90% by Mr. Cheng Li. Nanjing YLYX is held as to 90% by LLP1 and therefore Mr. Cheng Li is deemed to be interested in Nanjing YLYX.

(3) Nanjing Xilan is the sole general partner of LLP1 and is held as to 10% by Ms. Song Yuanyuan. Nanjing YLYX is held as to 90% by LLP1 and therefore Ms. Song Yuanyuan is deemed to be interested in Nanjing YLYX.

Save as disclosed above, as at 31 December 2024, none of the Directors nor chief executives of the Company held an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or were recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the required standard of dealings by Directors pursuant to Appendix C3 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 31 December 2024, the following persons (not being Directors or chief executives of the Company) have or be deemed or taken to have interests and/or short positions in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name	Nature of Interest	Number of Shares or Underlying Shares	Approximate Percentage of Shareholding
Maria Rachel Mai Decolongon Tatoy(1)	Beneficial owner & Interest in a controlled corporation	43,270,604	12.52
Victory Glory Holdings Limited ("**Victory Glory**")(2)	Beneficial owner	24,000,000	6.94
Tan Chiu Lan Francine	Beneficial owner	33,558,009	9.7
Lee Yong Soon	Beneficial owner	24,788,099	7.17

Notes:

(1) Ms. Maria Rachel Mai Decologon Tatoy holds 23,920,322 Shares through her wholly-owned companies, Prime Wish Limited and has personal interest of 19,350,282 Shares.

(2) Victory Glory is directly and wholly owned by Mr. Cheng Li, an executive Director.

Save as disclosed above, as at 31 December 2024, no person, other than the Directors of the Company whose interests and short positions are set out in the section headed "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporation" above, had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme and Share Award Plan as set out in this annual report, no equity-linked agreements were entered into by the Group, or subsisted during the year ended 31 December 2024.

ISSUE OF NEW SECURITIES

On 26 April 2024 (after trading hours), the Company and Innovax Securities Limited (the "Placing Agent") entered into the placing agreement, pursuant to which and subject to the terms and conditions therein, the Company agreed to appoint the Placing Agent, and the Placing Agent agreed to act as placing agent for the purpose of procuring on a best efforts basis, as agent of the Company, placees to purchase up to 57,610,390 ordinary shares at HK$0.0503 (representing a discount of approximately 11.75% to the closing price of HK$0.057 per share as quoted on the Stock Exchange on the date of the placing agreement) on the terms and subject to the conditions set out in the placing agreement. The placing is conducted to raise additional funding through the Placing to improve the Group's financial position and for general working capital purpose. The net price per placing share was approximately HK$0.0486. On 17 May 2024, the placing was completed and a total of 57,610,390 Shares have been successfully placed by the Placing Agent to not fewer than six placees at the placing price of HK$0.0503 per Share. The net proceeds from the Placing, after deduction of applicable costs and expenses including commission and levies, amounted to approximately HK$2.8 million, would be applied to improve the Group's financial position and for general working capital purpose. As at 31 December 2024, all proceeds had been utilised to improve the Group's financial position and for general working capital purpose.

SHARE AWARD PLAN

As stated in the Prospectus, the Company adopted a share award plan (the "Plan") within 12 months from the Listing Date, so as to recognize and appreciate the contribution of all qualified employees towards the growth and development of the Group. The Board has adopted the Plan on 6 July 2016. Mr. Hsieh Kun Tse, the former non-executive Director of the Company, has transferred the entire issued share capital of Properous Commitment Holdings Limited ("Properous Commitment") which in turn holds 10,320,000 of the Shares of the Company, to the trustee at nil consideration on 8 September 2016. The trustee will hold on trust the award Shares for the benefit of the selected employees in accordance to the terms of the trust deed, until such award Shares are vested in the relevant selected employees in accordance with this Plan.

The plan is discretionary-based, and the Board has authorized the Share Award Plan Committee to manage the Plan, members of which include the executive Director Mr. Cheng Li, and the independent non- executive Director Mr. Ge Ning. Subject to the requirements of the Main Board Listing Rules and all applicable laws from time to time, the Share Award Plan Committee shall make recommendations for the Board's approval. The Share Award Plan Committee shall be responsible for the administration of the Plan as well as communication with the trustee and the selected employees, including but not limited to the allocation of the award Shares to the selected employees upon obtaining such approval/authorization from the Board, and purchasing the award Shares on the market, as well as transferring the vested Shares to the selected employees. Before the vesting date, the selected employees have no right or interest in the award Shares (including the right to the dividends). The vesting date of the share awards granted is the date on which a selected employee's entitlement to the awarded shares accrues in accordance with the conditions imposed by the Directors, if any.

The maximum number of award Shares under the Plan shall not exceed 10% of the issued share capital of the Company (including new Shares and existing Shares) from time to time, whereas the maximum number of Shares to be granted to a selected employee shall not exceed one percent (1%) of the issued share capital of the Company from time to time. The Directors have confirmed that the Company does not currently intend to issue any new Shares under the Plan. If new shares are to be issued under the Plan and assuming there are no existing shares to be used under the Plan, the maximum number of new shares to be issued will be 24,246,234 Shares as at the date of this report, (after taking into account the existing issued share capital of 345,662,343 Shares and 10,320,000 Shares granted and vested) representing approximately 7.0% of the existing issued share capital of the Company. The Company will seek a specific mandate in this regard as the grantees may be connected persons of the Company.

The Plan shall have valid and effect for ten years from the date of adoption to 5 July 2026.

Details of the awarded shares movement for the twelve months ended 31 December 2024 are as follows:

Grantee	Date of grant	Average price per share (HK$) (Note)	Outstanding at 1 January 2024	Granted during period	Awards vested during period	Forfeited during period	Outstanding as at 30 June 2024	Vesting Date
Employees	11 December 2023	–	10,320,000	–	10,320,000	–	–	11 January 2024

Note:

These shares were purchased by Properous Commitment at nil consideration.

For details of the Plan, please refer to the announcements of the Company dated 7 July 2016 and 14 July 2016 respectively. So far as the Directors are aware, Properous Commitment and TMF Trust (HK) Limited have complied with the terms of trust deed as at the date of this report.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 19 June 2015 (the "Share Option Scheme") for the purpose of providing incentive or rewarding eligible persons (including the Directors or employees (whether full time or part time), consultants or advisors of our Group) for their contribution to, and continuing efforts to promote the interests of our Group and for such other purposes as the Board may approve from time to time. No share option has been granted under the Share Option Scheme since its adoption by the Company.

The Share Option Scheme became effective on the date of the Company's listing (8 July 2015) and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 100,000,000 shares (20,000,000 shares after the share consolidation becoming effective on 19 June 2023), representing 10% of the shares of the Company in issue as at the date of adoption of the Share Option Scheme and 5.79% of the shares of the Company in issue as at the date of this annual report. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting. A grant of share options under the Share Option Scheme to a Director, chief executive or substantial Shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non- executive Directors (excluding any independent non-executive Director who is the grantee of the Option). In addition, any share options granted to a substantial Shareholder or an independent non-executive Director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5,000,000, are subject to Shareholders' approval in advance at a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer upon payment of a nominal consideration of RMB1 in total by the grantee. The exercise period of the share options granted is determined by the Directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised.

The exercise price of the share options shall be not less than the highest of (i) the Hong Kong Stock Exchange closing price of the Company's shares on the date of offer of the share options, which must be a date on which the Hong Kong Stock Exchange is open for business of dealing in securities; (ii) the average Hong Kong Stock Exchange closing price of the Company's shares for the five trading days immediately before the date of offer; and (iii) the nominal value of the Company is share as at the date of offer.

No share options were granted from the date of adoption to the year ended 31 December 2024 and no share options were outstanding under the Scheme accordingly.

COMPLIANCE WITH QUALIFICATION REQUIREMENTS AND LAWS AND REGULATIONS

The Group's primary business is considered to be value-added telecommunications services, a sector where foreign investment is subject to significant restrictions under the present PRC laws and regulations. Accordingly, with the restriction of the current PRC laws and regulations and the implementation of local competent authorities, the Company cannot acquire Nanjing Xihui, Nanjing Xinchuang and Nanjing Yilaoyixiao, which hold certain licenses and permits required for our primary business. As a result the Group entered into a series of contractual arrangement with Nanjing Xihui, Nanjing Xinchuang and Nanjing Yilaoyixiao and their respective registered shareholders (the "Structured Contracts") in order to conduct the said business, and to assert management control over the operations of and enjoy the economic benefits derived from Nanjing Xihui, Nanjing Xinchuang and Nanjing Yilaoyixiao. For details of the Contractual Arrangement, please refer to the section headed "Contractual Arrangement" of this annual report.

In addition, under the current PRC laws and regulations, a foreign investor wishing to acquire any equity interest in a value-added telecommunications business in the PRC must also demonstrate a good track record and operating experience in providing value-added telecommunications services overseas ("Qualification Requirements").

As far as the Directors are aware, as at the date of this report, the Company has taken all reasonable steps to ensure that such Qualification Requirements are met if and when the PRC laws and competent authorities substantially allow foreign investors to invest in value-added telecommunications services in the PRC. The Company will continue to communicate with the relevant governmental authorities and provide updates where necessary.

Due to the nature of our business, the Company is significantly affected by PRC laws and regulations, including laws and regulations of telecommunications services, those relevant to advertising service, information security and privacy protection as well as intellectual property rights. As far as the Directors are aware, the Company had no material breach of any relevant laws and regulations or received any legal litigation in 2024. The Company reduced its potential legal risk through different management and monitoring systems, such as regular review of the effectiveness of internal control system, defined duty division and provided training to employees and management related to such laws and regulations and recruit legal adviser as professional consultant.

DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

None of the Directors and substantial Shareholders or their respective associate had material interest in any business that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 31 December 2024.

CONNECTED TRANSACTIONS

As disclosed in the section headed "Contractual Arrangement" of this annual report, the business operations of the PRC Contractual Entities constitute a business restricted to foreign investment in the PRC, therefore, we cannot directly acquire equity interests in the PRC Contractual Entities. As a result, our Group has entered into Structured Contracts narrowly tailored to provide our Group with control over the PRC Contractual Entities and grant our Group the right to acquire the equity interests of the PRC Contractual Entities when and to the extent permitted by the PRC laws and regulations. Under the Contractual Arrangement, our Group supervises and controls the business operations of the PRC Contractual Entities and derives economic benefit from the PRC Contractual Entities.

The independent non-executive Directors of the Company have, for the purpose of Rule 14A.55 of the Listing Rules, reviewed the continuing connected transactions set out above and confirmed that these continuing connected transactions have been entered into by the Group (i) in the ordinary and usual course of its business; (ii) on normal commercial terms or better; and (iii) according to the agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Moreover, our independent non-executive Directors have reviewed the Contractual Arrangement and confirmed that: (i) the transactions carried out during the year ended 31 December 2024 have been entered into in accordance with the relevant provisions of the Contractual Arrangement so that the revenue generated by the PRC Contractual Entities have been mainly retained by our Group; and (ii) no dividends or other distributions have been made by the PRC Contractual Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.

Confucius International CPA Limited, the Company's auditor, were engaged to report on the Group's Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. After performing the procedure related to continuing connected transactions, Confucius International CPA Limited confirmed that:

Based on the foregoing, in respect of the disclosed continuing connected transactions:

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

b. nothing has come to our attention that causes us to believe that the transactions were not entered into, in all material respects, in accordance with a series of contractual arrangements disclosed in the section "Contractual Arrangements" of the prospectus of the Company dated 30 June 2015 governing such transactions.

c. nothing has come to our attention that causes us to believe that the transactions were not entered into, in all material respects, in accordance with a business cooperation agreement entered by a subsidiary of the Company, Xibai (Nanjing) Information Technology Company Limited ("Nanjing Xibai") with Nanjing Xihui Information Technology Company Limited ("Nanjing Xihui"), Nanjing Xinchuang Micro Electromechanical Technology Company Limited ("Nanjing Xinchuang") and the relevant shareholders, Ms. Li Juan and Mr. Cheng Li, on 12 September 2017 governing such transactions.

d. nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with a business cooperation agreement entered by a subsidiary of the Company, Nanjing Xibai with Nanjing Yilaoyixiao Information Technology Company Limited ("Nanjing Yilaoyixiao") and the relevant shareholders, 南京希藍信息技術合夥企業(有限合夥) and 南京希蘭信息技術合夥企業(有限合夥), on 15 November 2024 governing such transactions.

e. nothing has come to our attention that causes us to believe that the dividends or other distributions has been made by Nanjing Xihui, Nanjing Xinchuang and Nanjing Yilaoyixiao to the holders of the equity interests of Nanjing Xibai which are not otherwise subsequently assigned or transferred to the Group.

Confucius International CPA Limited have issued their letter containing their findings and conclusions in respect of the Continuing Connected Transactions in accordance with Rule 14A of the Listing Rules.

CONTRACTUAL ARRANGEMENT

Nanjing Xihui is deemed to be a wholly-owned subsidiary of our Company pursuant to the Contractual Arrangement and is principally engaged in the provision of marketing and promotional services and the licensing of smart-hardware devices. It was established as a limited liability company in the PRC on 24 May 2013.

Nanjing Xinchuang is deemed to be a wholly-owned subsidiary of our Company pursuant to the Contractual Arrangement and is principally engaged in the provision of marketing and promotional services and e-commerce business. It was established as a limited liability company in the PRC on 14 April 2005.

Summary of the information in relation to the Contractual Arrangement and the Operating Companies during the Track Record Period are as follows.

1. The PRC Contractual Entities (Nanjing Xihui and Nanjing Xinchuang)

1.1 Information on the Operating Companies and their Registered Owners

Nanjing Xinchuang and Nanjing Xihui are deemed to be the wholly-owned subsidiaries of the Company pursuant to the Contractual Arrangement.

The registered shareholders of Nanjing Xinchuang and Nanjing Xihui are Ms. Li Juan and Mr. Cheng Li, holding 85% and 15% of their interest respectively (the "Relevant Shareholders").

1.2 Business Overview of the Operating Companies

Nanjing Xihui is principally engaged in the provision of marketing and promotional services the licensing of smart-hardware devices.

Nanjing Xinchuang is principally engaged in the provision of marketing and promotional services and e-commerce business.

The PRC Contractual Entities hold certain licences and permits required for the operation of abovementioned principal business (including the value-added telecommunications business operation Licence(s); referred to as the "Internet Content Provider Licence(s)" ("ICP Licence(s)")). Our WFOE, namely Nanjing Xibai ("Contractual Control Entities"), entered into the Contractual Arrangement with our PRC Contractual Entities and the Relevant Shareholders (being the registered shareholders of our PRC Contractual Entities) in order to conduct the Principal Business in the PRC and to assert management control over the operations of, and enjoy all economic benefits of, each of our PRC Contractual Entities.

Pursuant to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020) (外商投資准入特別管理措施(負面清單) (2020年)) promulgated by the National Development and Reform Commission and the MOFCOM on 23 June 2020, which took effect on 23 July 2020, foreign equity share in a value-added telecommunications business shall not exceed 50% (excluding e-commerce, multi-party domestic communication, store and forward, call center).

We are primarily engaged in operation of online platform focusing on the CBM market (the "Principal Business"), which is considered to be value-added telecommunications services, a sector where foreign investment is subject to significant restrictions under PRC laws and regulations. Accordingly, we cannot acquire equity interest in the PRC Contractual Entities, which hold certain licences and permits required for the operation of our Principal Business.

As a result, our Contractual Control Entities, entered into the Contractual Arrangement with our PRC Contractual Entities and the Relevant Shareholders (being the registered shareholders of our PRC Contractual Entities) in order to conduct the Principal Business in the PRC and to implement management control over the operations of, and enjoy all economic benefits of, each of our PRC Contractual Entities. Pursuant to the Contractual Arrangement, all substantial and material business decisions of the PRC Contractual Entities will be instructed and supervised by our Group, through the Contractual Control Entities, and all risks arising from the business of the PRC Contractual Entities are also effectively borne by the Contractual Control Entities.

1.3 *Summary of the Major Terms of the Structured Contracts under the Contractual Arrangement*

Business Cooperation Agreement

Nanjing Xibai entered into a business cooperation agreement with Nanjing Xinchuang, Nanjing Xihui and the Relevant Shareholders on 30 December 2014 (the "Business Cooperation Agreement"), which was renewed by the Contractual Control Entities and Nanjing Xinchuang, Nanjing Xihui and the Relevant Shareholders on 12 September 2017, pursuant to which the Contractual Control Entities, our PRC Contractual Entities and the Relevant Shareholders agreed to enter into the Structured Contracts for the establishment of business cooperation among the parties and implementation of the Contractual Arrangement, and the Contractual Control Entities agreed to provide various services such as management consultancy, technology and software research and development, technical consultation, promotion planning and market promotion necessary for the operations of our PRC Contractual Entities and our PRC Contractual Entities agreed to pay service fees to the Contractual Control Entities according to the Structured Contracts.

The Business Cooperation Agreement provides, among others, that:

- each of our PRC Contractual Entities and the Relevant Shareholders has agreed, among others:
  - — to follow recommendations of the Contractual Control Entities on the day-to-day management of our PRC Contractual Entities;
  - — to cause persons recommended by the Contractual Control Entities to be elected as the board members or assume senior management positions of our PRC Contractual Entities; and
  - — any dividends and other distributions of our PRC Contractual Entities payable to the Relevant Shareholders, shall be unconditionally paid to the Contractual Control Entities.
- each of our PRC Contractual Entities and the Relevant Shareholders has undertaken not to, without the prior written consent of the Contractual Control Entities or its designated person(s), among others:
  - — engage in activities outside their normal business scopes or change their modes of business operation;
  - — incur any indebtedness over a certain threshold amount;
  - — remove or change the directors, supervisors or senior management of our PRC Contractual Entities or their subsidiaries;
  - — dispose of, transfer, lend, authorize the use of, or create any encumbrance over any material assets or rights of our PRC Contractual Entities or their subsidiaries to any third party other than the Contractual Control Entities or its designated person(s), or purchase any material assets or rights from any third party;

- — dispose of any equity interest of our PRC Contractual Entities or their subsidiaries to any third party other than the Contractual Control Entities or its designated person(s), or alter their registered capitals or shareholding structures;
- — alter the articles of association or business scope, or any important internal policies and rules of our PRC Contractual Entities or their subsidiaries;
- — enter into any contract except those entered in the ordinary course of business;
- — declare any dividend;
- — conduct any activity which may adversely affect the ability of our PRC Contractual Entities or their subsidiaries to make payment to the Contractual Control Entities; and
- — transfer any rights under the Business Cooperation Agreement or other underlying agreements to the Contractual Arrangement to, or enter into similar contractual arrangement with, any third party other than the Contractual Control Entities or its designated person(s).

The Business Operation Agreement became effective upon execution and shall, subject to the applicable PRC laws or regulations, be effective for an indefinite period unless (a) the Contractual Control Entities has acquired the entire equity interests or assets of our PRC Contractual Entities pursuant to its rights under the Exclusive Option Agreement; or (b) terminated unilaterally by the Contractual Control Entities by giving 30-day prior notice.

Exclusive Technology Service and Management Consultation Agreement

Nanjing Xibai entered into an exclusive technology service and management consultation agreement with Nanjing Xinchuang and Nanjing Xihui on 30 December 2014 (the "Exclusive Technology Service and Management Consultation Agreement"), which was renewed by the Contractual Control Entities and Nanjing Xinchuang, Nanjing Xihui and the Relevant Shareholders on 12 September 2017, pursuant to which our PRC Contractual Entities agreed to engage the Contractual Control Entities as their exclusive provider of technical and management consulting services and other technology and consultancy services requested by our PRC Contractual Entities to support their operations from time to time to the extent permitted under PRC laws in exchange for service fees.

The technical services provided include:

- — development of computer and mobile device software;
- — webpages and websites design, monitoring, testing and debugging;
- — management of information systems;
- — provision of technical supports;
- — provision of technological consultation services;
- — provision of technical training;

— engagement of technical staff to provide on-site technical guidance; and

— other technical services as reasonably requested by our PRC Contractual Entities.

The management consultation services provided include:

— formulation of management models and business plans;

— formulation of market development plans;

— provision of market information and customer resources information;

— market research and analysis;

— staff training;

— establishment of sales networks; and

— other services as reasonably requested by our PRC Contractual Entities.

The Exclusive Technology Service and Management Consultation Agreement also provides that the Contractual Control Entities has the exclusive proprietary rights to all intellectual property rights developed or created by the Contractual Control Entities or our PRC Contractual Entities during the performance of the Exclusive Technology Service and Management Consultation Agreement.

According to the Exclusive Technology Service and Management Consultation Agreement, our PRC Contractual Entities shall pay service fees to the Contractual Control Entities every six months as calculated by the Contractual Control Entities based on the financial conditions of our PRC Contractual Entities. In the premises of compliance with the PRC laws and regulations, the service fees are equal to the profits of our PRC Contractual Entities after deducting losses in previous years, necessary operating costs, expenses and taxes. The services fees are subject to the Contractual Control Entities's adjustment taking into account the actual situations of provision of services and our PRC Contractual Entities' operating status and development needs.

The Exclusive Technology Service and Management Consultation Agreement became effective upon execution and shall, subject to the applicable PRC laws or regulations, be effective for an indefinite period unless (a) the Contractual Control Entities's acquiring the entire equity interests or assets of our PRC Contractual Entities pursuant to its rights under the Exclusive Option Agreement; or (b) terminated unilaterally by the Contractual Control Entities by giving 30-day prior notice.

Shareholders' Rights Entrustment Agreement

Nanjing Xibai entered into a shareholders' rights entrustment agreement with Nanjing Xinchuang, Nanjing Xihui and the Relevant Shareholders on 30 December 2014 (the "Shareholders' Rights Entrustment Agreement"), pursuant to which the Relevant Shareholders irrevocably authorized Nanjing Xibai to exercise their shareholders' rights in our PRC Contractual Entities, including attending shareholders' meetings and exercising voting rights and dividend distribution rights. Nanjing Xibai is authorized to exercise any of the shareholders' rights without consulting or obtaining the consent of the Relevant Shareholders. Furthermore, Nanjing Xibai is entitled to authorize other individuals to exercise the shareholder's rights within the scope authorized by the Relevant Shareholders.

Pursuant to the Shareholders' Rights Entrustment Agreement, each of the Relevant Shareholders also entered into a power of attorney on the same date of the agreement (the "Powers of Attorney"). Pursuant to the Powers of Attorney, each of the Relevant Shareholders irrevocably appoints Nanjing Xibai or its designated persons to be appointed by it at its sole discretion to act as his/her/its exclusive attorney on his/her/its own behalf to exercise all rights in connection with matters concerning his/her/its rights as shareholder of our PRC Contractual Entities, including but not limited to:

— convening and attending shareholders' meetings of our PRC Contractual Entities, and exercising shareholder's voting rights with regard to all matters discussed and resolved during the shareholders' meetings;

— executing shareholders' meeting records, resolutions and other legal documents of our PRC Contractual Entities;

— directing the directors and legal representatives of our PRC Contractual Entities to act according to the intentions of Nanjing Xibai;

— exercising all other shareholders' rights under the constitutional documents of our PRC Contractual Entities;

— handling registration matters of our PRC Contractual Entities with the responsible registration authorities; and

— disposing and dealing with the equity interests of our PRC Contractual Entities held by the Relevant Shareholders.

The Shareholders' Rights Entrustment Agreement became effective upon execution and shall remain effective during the continuance of our PRC Contractual Entities. It shall be (a) automatically terminated upon Nanjing Xibai's acquiring the entire equity interests or assets of our PRC Contractual Entities pursuant to its rights under the Exclusive Option Agreement; or (b) terminated unilaterally by Nanjing Xibai by giving 30-day prior notice.

Equity Interest Pledge Agreement

Nanjing Xibai, Nanjing Xinchuang, Nanjing Xihui and the Relevant Shareholders entered into equity interest pledge agreements on 30 December 2014 (the "Equity Interest Pledge Agreement"), pursuant to which the Relevant Shareholders granted a first priority of security interest in their respective interests in the registered capitals of our PRC Contractual Entities. Under the Equity Interest Pledge Agreement, the Relevant Shareholders agreed to pledge all their respective equity interests in our PRC Contractual Entities to Nanjing Xibai, as a security interest, to guarantee the performance of contractual obligations and the payment of outstanding debts of the Relevant Shareholders and our PRC Contractual Entities under the Business Cooperation Agreement, the Exclusive Technology Service and Management Consultation Agreement, the Shareholders' Rights Entrustment Agreement and the Exclusive Option Agreement.

The Equity Interest Pledge Agreement became effective after execution and shall remain valid until all the contractual obligations of the Relevant Shareholders and our PRC Contractual Entities under the Contractual Arrangement have been fully performed and all the outstanding debts of the Relevant Shareholders and our PRC Contractual Entities under the Contractual Arrangement have been fully paid. The Equity Interest Pledge Agreement shall also be terminated unilaterally by Nanjing Xibai by giving 30-day prior notice.

Exclusive Option Agreement

Nanjing Xibai, Nanjing Xinchuang, Nanjing Xihui and the Relevant Shareholders and the Relevant Shareholders entered into exclusive option agreement with Nanjing Xibai on 30 December 2014 (the "Exclusive Option Agreement"). Pursuant to the Exclusive Option Agreement, among others:

- The Relevant Shareholders irrevocably granted the exclusive right to Nanjing Xibai to require the Relevant Shareholders to transfer their equity interests in our PRC Contractual Entities to Nanjing Xibai, or such entities or individuals designated by Nanjing Xibai as and when permitted by the PRC laws for a nominal consideration of RMB1.00 or the lowest value permitted by law.

- Our PRC Contractual Entities irrevocably granted the exclusive right to Nanjing Xibai to acquire the assets in whole or in part from our PRC Contractual Entities, in its favour or in favour of such entities or individuals designated by Nanjing Xibai as and when permitted by the PRC laws for a nominal consideration of RMB1.00 or lowest value permitted by law.

- The rights may be exercised at any time within the effective period of the Exclusive Option Agreement. The Exclusive Option Agreement became effective upon execution and shall remain effective during the continuance of our PRC Contractual Entities. It shall be (a) automatically terminated upon acquiring by Nanjing Xibai or its designated entities the entire equity interests or assets of our PRC Contractual Entities pursuant to its rights under the Exclusive Option Agreement; or (b) terminated unilaterally by Nanjing Xibai by giving 30-day prior notice.

Spouse Undertakings

The spouse of each of the Relevant Shareholders has signed an undertaking on 30 December 2014 ("Spouse Undertakings"). Pursuant to the Spouse Undertakings, each of the spouses of the Relevant Shareholders irrevocably undertakes that:

(i) the spouse has been made fully aware of the Contractual Arrangement and consented that such Relevant Shareholder is the sole beneficiary of all the rights and interests and solely assumes obligations under the Contractual Arrangement;

(ii) all the equity interests held by such Relevant Shareholder in our PRC Contractual Entities shall be deemed as assets solely owned by such Relevant Shareholder, not mutual assets jointly owned by him/her and the related Relevant Shareholder, and the Relevant Shareholder shall be entitled to dispose of the equity interests in accordance with the Contractual Arrangement without his/her consent;

(iii) the spouse will not claim any interests or rights in the equities or assets of our PRC Contractual Entities; and

(iv) in the event that the spouse obtains any interests in our PRC Contractual Entities, he/she will be subject to and abide by the terms of the Contractual Arrangement as if he/she was a signing party to such Contractual Arrangement, and at the request of Nanjing Xibai, he/she will sign any documents in the form and substance consistent with the Contractual Arrangement.

2. Revenue and Assets in relation to the Contractual Arrangement

During the year ended 31 December 2024, revenue attributable to the PRC Contractual Entities (i.e. the Contractual Arrangement) was approximately RMB40.1 million. As at 31 December 2024, the total asset and net asset (i.e. the Contractual Arrangement) attributable to the PRC Contractual Entities was approximately RMB20.4 million and RMB15.2 million respectively.

3. Risks Related to our Contractual Arrangement

Risks Related to our Contractual Arrangement

There is no assurance that the Contractual Arrangement with the PRC Contractual Entities will be deemed by the relevant governmental and judicial authorities to be in compliance with existing PRC laws and regulations or that it will be in compliance with future PRC laws and regulations, including but not limited to the new draft of the Foreign Investment Law (中華人民共和國外國投資法).

We believe that the Structured Contracts and such Contractual Arrangement with the PRC Contractual Entities does not infringe existing PRC laws and regulations or other mandatory requirements under PRC law. However, there can be no assurance that the Contractual Arrangement will be deemed by the relevant governmental or judicial authorities to be in compliance with the existing PRC laws and regulations or the relevant governmental nor judicial authorities may in the future interpret the existing laws or regulations with the result that such Contractual Arrangement would be deemed to be in compliance of the PRC laws and regulations.

PRC regulations currently limit foreign ownership in PRC companies that provide value-added telecommunication services (excluding on-line data processing and transaction processing services, also called operating e-commerce), which include operating the Internet content platform, to 50%. In addition, foreigners and wholly-foreign owned enterprises are currently not eligible to apply for required licences for operating the Internet content platform in the PRC (excluding a limited number of sectors for wholly-foreign owned enterprises located in Shanghai Free Trade Zone). We are a limited liability company incorporated in the Cayman Islands and we conduct our operations mainly in the PRC through the Contractual Control Entities, our indirectly wholly-owned subsidiary. We and the Contractual Control Entities are foreigners and wholly-foreign owned enterprises under PRC laws and accordingly are ineligible to apply for the relevant licences to operate the Internet content platform. In order to comply with foreign ownership restrictions, our business in the PRC are mainly operated through the PRC Contractual Entities. As a result of the Contractual Arrangement, our Group is able to govern the financial and operating policies of the PRC Contractual Entities and to obtain substantially all economic benefits from the activities conducted by the PRC Contractual Entities. The rest of the economic benefits are retained by the PRC Contractual Entities as general working capital for their operation. Accordingly, the financial position and operating results of the PRC Contractual Entities are included in our Group's consolidated financial statements as if they are our Group's subsidiaries.

In addition, the MII Notice issued in July 2006 requires that ICP licence holders or their shareholders directly own the domain names and trademarks used by such ICP licence holders in their daily operations. The MII Notice further requires each ICP licence holder to have the necessary facilities for its approved business operations and to maintain such facilities in the regions covered by its licence. In addition, all the value-added telecommunication service providers are required to maintain network and information security in accordance with the standards set forth under relevant PRC regulations. The MII Notice prohibits ICP licence holders from leasing, transferring or selling its ICP licence to any foreign investors in any form, or providing any resource, sites or facilities to any foreign investors for their illegal operation of telecommunications business in the PRC. The MII Notice has imposed a more stringent regulatory environment on foreign investment in value-added telecommunication business, which introduces an increased risk of the Contractual Arrangement being challenged by the relevant PRC regulatory authorities. Therefore, we cannot rule out the possibility that the relevant PRC regulatory authorities may require that we unwind the Contractual Arrangement as a result of their increased attention on companies such as ours following the introduction of the MII Notice.

In addition, there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. We are aware of a press articles which reported that a Supreme People's Court ruling in October 2012 and two arbitral decisions from SIETAC in 2010 and 2011 invalidated certain contractual agreements which were considered to be entered into with the intention of circumventing foreign investment restrictions in the PRC in contravention of the PRC Contract Law and the General Principles of the PRC Civil Law (民法通則). It has been further reported that these court ruling and arbitral decisions may increase (i) the possibility of the PRC courts and/or arbitration panels taking similar actions against contractual structures commonly adopted by foreign investors to engage in restricted businesses in the PRC and (ii) the incentive for shareholders of the PRC Contractual Entities under such contractual structures to renege on their contractual obligations.

Pursuant to Section 153 of the PRC Civil Code, civil acts which violate the mandatory provisions of the laws and administrative regulations shall be void. If the Contractual Arrangement with the PRC Contractual Entities and its equity holder are adjudicated to be in violation of any existing or future PRC laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such violations, including:

- the nullification of the Contractual Arrangement;
- imposing economic penalties and/or confiscating the proceeds generated from the operation under the Contractual Arrangement;
- discontinuing or restricting operations of the Contractual Control Entities and/or Nanjing Xihui and/or Nanjing Xinchuang;
- imposing conditions or requirements with which the Contractual Control Entities and/or Nanjing Xihui and/or Nanjing Xinchuang may not be able to comply;
- requiring us to restructure the relevant ownership structure or operations;
- taking other regulatory or enforcement actions that could be harmful to our business; and
- revocation of business licences and/or the licences of the Contractual Control Entities and/or Nanjing Xihui and/or Nanjing Xinchuang.

Furthermore, in January 2015, the MOFCOM published the new draft of the Foreign Investment Law (中華人民共和國外國投資法) (the "Draft New Law") for public comment, which if finally adopted, will have significant impact on the foreign investment regime of the PRC. Specifically, the Draft New Law introduces a new standard in defining the nature of a domestic enterprise. An onshore enterprise will no longer be deemed as a foreign-invested enterprise even if its immediate shareholders involve foreign individuals or foreign entities, as long as such enterprise's ultimate control person(s) is/are solely PRC investors, upon the competent authorities' approval. The Draft New Law was accompanied by the MOFCOM's notes (the "Notes") on, among others, the background, guidelines and principle, and main content of the Draft New Law and elaboration on several issues including the treatment of existing contractual arrangement which has established before the effectiveness of the Draft New Law. As a number of legislative stages have to be undergone before promulgation and implementation, the new Foreign Investment Law (the "New Foreign Investment Law") has not be formally promulgated and implemented so far.

As advised by the Company's PRC Legal Advisers, as of the date of this annual report, the Draft New Law and the Notes are both drafts without any legal effect and have been released for the purpose of public consultation, and a number of legislative procedures have to be undergone before the promulgation and implementation of the new Foreign Investment Law. Given this, there is uncertainty as to the potential impact of the Draft New Law. Under the Notes, MOFCOM proposed three possible ways, namely the reporting, verification or approval regimes, to deal with existing contractual arrangements that has been established before the New Foreign Investment Law taking effect and operates restricted or prohibited foreign-entry areas of business. It is not certain which one of the three possible regimes will be finally adopted in the New Foreign Investment Law. Based on the Draft New Law, if the ultimate control person of the contractual arrangements is a PRC investor, depending on which regime is finally adopted, then by reporting to, verification or approval by MOFCOM, such contractual arrangements can continue to operate. Considering the abovementioned analysis and based on the facts that our Group is currently participating in a restricted industry category for foreign investment and Ms. Li Juan and Mr. Cheng Li, our Controlling Shareholders, are PRC investors as defined under the Draft New Law subject to the New Foreign Investment Law and relevant interpretations and regulations to be formally promulgated and implemented by MOFCOM in the future, if the Draft New Law and the Notes take effect in its current form and content, and the competent authorities interpret and implement the Draft New Law strictly in accordance with such forms and contents, the Contractual Arrangement will likely be permitted to continue, and the risk that our Group will be prohibited from retaining its Contractual Arrangement or the PRC Contractual Entities are prohibited from continuing their business operations is relatively low. On the premises, and subject to other amendments before its formal promulgation and implementation, the Draft New Law will have minimal impact on the Contractual Arrangement and the control over the PRC Contractual Entities by our Group and the operations of our Group as a whole. However, we cannot exclude the possibility that MOFCOM may have contrary or different interpretation of the Draft New Law and the Notes, and there may be amendments to the Draft New Law and the Notes before formal promulgation and implementation of the New Foreign Investment Law which may have material adverse impact on our Group at the time when the New Foreign Investment Law becomes effective. There is uncertainty as to whether our Group will be treated as domestic investment based on the New Foreign Investment Law. In the event our business is not regarded as being held by PRC investors and still belongs to the restricted or prohibited category under the New Foreign Investment Law or other future PRC laws and regulations including industry policies and regulations and practice of industry competent authorities, in the worst case scenario, we have to unwind the Contractual Arrangement and discontinue our business under contractual arrangements, which contributes substantially to our revenue. As a result, we may be forced to dispose of our principal business to comply with such regulatory requirements and our Company will not be sustainable.

Any of these actions and situations may have a material adverse effect on our business, financial condition and results of operations. In addition, if the imposition of any of these consequences causes us to lose the rights to direct the activities of the PRC Contractual Entities or our right to receive its economic benefits, we would no longer be able to consolidate the financial results of the PRC Contractual Entities.

Relevant Measures taken by the Company

As disclosed in the circular of the Company dated 8 November 2018, the Company proposed replacement of the Original VIE Undertaking given by Ms. Li Juan and Mr. Cheng Li to the Company, as disclosed on pages 187 and 188 of the prospectus of the Company, with the revised measures (the "Relevant Measures"). The Company has adopted and taken the following Relevant Measures upon the relevant resolution being passed by way of poll at the extraordinary general meeting convened by the Company on 26 November 2018:

(i) it will ensure that a majority of the Directors on the Board are PRC nationals, to the extent permitted by applicable laws, regulations and rules; and

(ii) if the Company receives any proposal either from the Board or the Shareholder(s) with no less than one-tenth of the voting right at general meetings of the Company to amend any of the PRC Nationals Control Clause, the Director Election/Appointment Clause and/or the Additional Directors Appointment Clause, it will make full disclosure of the potential risks associated with such proposal and the scenario which may arise from such amendment, including but not limited to delisting of the Shares from the Stock Exchange, in the circular to be dispatched to the Shareholders of the Company. A special resolution passed by the Shareholders is required to approve any proposal to amend any of the PRC Nationals Control Clause, the Director Election/Appointment Clause and/or the Additional Directors Appointment Clause.

We rely on the PRC Contractual Entities to provide certain services that are critical to our business and the breach or termination of any of our service agreements with the PRC Contractual Entities or any failure of or significant quality deterioration in these services could materially adversely affect our business, financial condition and results of operations.

We rely on the PRC Contractual Entities to provide certain services to our customers that are critical to our business, such as the operation of our Platform. Since we only control the PRC Contractual Entities through the Contractual Arrangement, we face certain risks with respect to our arrangements with the PRC Contractual Entities and the performance of the arrangement by the PRC Contractual Entities. If the PRC Contractual Entities were to breach any of its obligations under the Contractual Arrangement, we may not be able to find a suitable alternative service provider or be able to establish and operate our platform in a legal or timely manner. The breach by the PRC Contractual Entities of any of the Contractual Arrangements could materially adversely affect our business, financial condition and results of operations.

We depend upon the Contractual Arrangement with the PRC Contractual Entities in conducting our operations and receiving payments through the PRC Contractual Entities, which may not be as effective in providing operational control as direct ownership.

We have no equity ownership interest in the share capital of the PRC Contractual Entities, and conduct substantially our operations, and generate substantially our revenues, through the Contractual Arrangement, which may not be as effective in providing us with control over the PRC Contractual Entities as if they were direct wholly-owned subsidiaries.

The Contractual Arrangement is governed by PRC laws and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. If any of the PRC Contractual Entities or any of the Relevant Shareholders fails to perform its obligations under the Contractual Arrangement, we may have to rely on legal remedies under PRC laws, including seeking specific performance or injunctive relief, and claiming damages, which we cannot be sure would be effective. The legal environment in the PRC is not, however, as developed as in other jurisdictions. As a result, uncertainties in the PRC legal system could limit our ability to enforce such Contractual Arrangement.

In addition, any suits, arbitration or any other form of legal or dispute resolution proceedings against the Relevant Shareholders may require all assets held by such shareholders to be kept under court custody during the proceedings. If such were the case, there is no assurance that the equity interests held by such shareholders in the PRC Contractual Entities can be transferred to our Group in accordance with the Contractual Arrangement.

Certain terms of the Structured Contracts under the Contractual Arrangement may not be enforceable under PRC laws.

The Contractual Arrangement provides for dispute resolution by way of arbitration in accordance with the arbitration rules of SIETAC in Shanghai, the PRC. The Structured Contracts contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of our PRC Contractual Entities, injunctive relief and/or winding up of our PRC Contractual Entities. In addition, the Contractual Arrangement contain provisions to the effect that courts in Hong Kong and the Cayman Islands are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal or in other appropriate cases.

However, the abovementioned provisions contained in the Structured Contracts may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order to preserve the assets of or any equity interest in the PRC Contractual Entities in case of disputes. Therefore, such remedies may not be available to us, notwithstanding the relevant contractual provisions contained in the Contractual Arrangement.

The PRC laws allow an arbitral body to award the transfer of assets of, or an equity interest in, the PRC Contractual Entities in favour of an aggrieved party. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support the award of an arbitral body when deciding whether to take enforcement measures. Under PRC laws, courts of judicial authorities in the PRC generally would not grant injunctive relief or the winding-up order against the PRC Contractual Entities as interim remedies to preserve the assets or shares in favour of any aggrieved party. Even though the Contractual Arrangement provides that courts in Hong Kong and the Cayman Islands may grant and/or enforce interim remedies or in support of arbitration, such interim remedies (even if so granted by courts in Hong Kong or the Cayman Islands in favour of an aggrieved party) may not be recognized or enforced by PRC courts. As a result, in the event that the PRC Contractual Entities or any of its shareholders breaches any of the Contractual Arrangement, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over the PRC Contractual Entities and conduct our business as well as our financial conditions and results of operations could be materially and adversely affected.

4. No Material Change

On 31 December 2024, (i) Nanjing Xibai, (ii) Nanjing Yilaoyixiao Information Technology Co., Ltd.* (南京怡老怡小信息技術有限公司) (the "**New OPCO**") and (iii)南京希藍信息技術合夥企業(有限合夥) and 南京希蘭信息技術合夥企業(有限合夥) (collectively, the "**New Registered Shareholders**") agreed to enter into the exclusive business agreement, the exclusive option agreement, the equity interest pledge agreement and the power of attorneys (the "**New Structured Contracts**"); and (ii) Nanjing Xihui agreed to enter into the business and asset transfer agreement with the New OPCO, pursuant to which subject matter of the proposed transfer including assets, contracts and employees of Nanjing Xihui shall be transferred to the New OPCO. On 31 December 2024, Nanjing Xibai, Nanjing Xihui and the existing registered shareholders entered into a termination agreement to terminate the Contractual Arrangement and Nanjing Xihui ceased to be accounted as a subsidiary of the Company.

The New Structured Contracts, having their terms and conditions substantially the same as those of the Structured Contracts, are cloned from the Structured Contracts, save for the change of entities entering into the New Contractual Arrangement, namely (i) the New OPCO in replacement of the Nanjing Xihui; and (ii) the New Registered Shareholders in replacement of the existing registered shareholders. For details, please refer to the announcement of the Company dated 15 November 2024.

On 20 February 2025, Nanjing Yiran Information Technology Co., Ltd.* (南京怡然信息技術有限公司) (the "**New WFOE**"), the New Registered Shareholders entered into the exclusive business cooperation agreement, the exclusive option agreement, the equity interest pledge agreement and the power of attorneys; and Nanjing Xibai entered into the business and asset transfer agreement with the New WFOE, pursuant to which the business and certain assets of Nanjing Xibai shall be transferred to the New WFOE. Details of which are set out in the Company's announcement dated 20 February 2025. On 1 March 2025, Nanjing Xibai, Nanjing Yilaoyixiao and the New Registered Shareholders entered into the termination agreement to terminate the contractual arrangement of Nanjing Xibai.

As at the date of this annual report, save as disclosed above, there is no material change in the Contractual Arrangement and/or the circumstances under which they were adopted.

5. Unwinding of Contractual Arrangement

It is the intention of the Group to unwind the Contractual Arrangement when foreign investment in value-added telecommunication services is no longer restricted in the PRC.

However, as at the date of this report, there is no unwinding of any of the Contractual Arrangement or failure to unwind when the restrictions that led to the adoption of the Contractual Arrangement are removed.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Company during the Reporting Period are set out in note 37 to the consolidated financial statements. The Company confirms that such related party transactions does not fall under the definition of connected transaction or continuing connected transaction in Chapter 14A of the Listing Rules and therefore it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

PENSION SCHEME

Details of the pension scheme are set out in note 4 to the consolidated financial statements.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The details of remuneration of Directors and senior management of the Company are set out in the notes 9 and 34(b) to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

During the year ended 31 December 2024, pursuant to the Articles of Association, the Directors were indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they might incur in connection with the execution of their duty.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

RISKS AND UNCERTAINTIES

Our Group believes that there are certain risks and uncertainties in our operations, some of which are beyond the Group's control, including:

(i) The Group is unable to guarantee that the Contractual Arrangement with the PRC Contractual Entities will be deemed by the relevant governmental and judicial authorities to be in compliance with existing PRC laws and regulations or that it will comply with future PRC laws and regulations, including but not limited to the new draft of the Foreign Investment Law of PRC (中華人民共和國外國投資法).

Our Directors have already formulated monitoring measures and examine the risk evaluation and report regularly, the details of which are set out in the Contractual Arrangement.

(ii) The revenue of the Group relies significantly on the marketing and promotional services provided and new businesses may not be successfully developed and introduced going forward.

Since the operational environment in the Internet industry has never-ending changes and improvements, we believe we should timely keep track of the industry, market and customer demands development to review our business strategies. We jointly make investigation and assessment with industry experts and partners in addition to monitoring the market and industry by ourselves.

We optimize our sales and promotion models constantly through innovation to satisfy the demand of existing customers and explore new customers at the same time.

The Group will develop diversified business actively to anticipate comprehensive income. We will continue to propel industry chain cooperation and upgrade strategies, exploit more demands from mother-child households and formulate project management system to explore high-quality and suitable cooperation projects.

Research and development of technology is our significant support in business development. We have management system in place for technological research and development, so as to facilitate effective business development through technology.

(iii) The Company's investment scale is expanding which results in the failure to carry out timely and effective management may affect realization of investment expectations.

The Company pays close attention to investment risks and has established an investment team to make recommendations on investment matters. Our financial department, legal advisers and technical team are responsible for the follow-up of post-investment management so as to continuously monitor the status of business development and financial risks of investees. The Company has established an investment management system to implement relevant risk management and internal control measures. The Company also obtains relevant professional experience and knowledge by consulting external experts. Due to the uncertainties of the epidemic, the Group will continue to monitor the development of the epidemic, evaluate its impact, respond in an active manner and make timely disclosures.

(iv) At the date of this report, the Group expects that the impact of the outbreak of the novel coronavirus epidemic on its business would be limited. However, due to the uncertainties of the epidemic, it is difficult to estimate its influence in the future. The Group will continue to monitor the development of the epidemic, evaluate its impact, respond in an active manner and make timely disclosures.

ENVIRONMENTAL POLICY AND PERFORMANCE

We keep on enhancing our operation in the environment, society and governance, corporate governance and risk management aspects to create and provide sustainable values for all stakeholders. In view of our business nature, we are not aware of any environmental laws and regulations that have material impact on the Group. However, the Group will continue to adopt measures in low-carbon works, green procurement and encourage environmental protection actions for the market and the society. Meanwhile, we encourage employees to be responsible for environment from their behaviors. During the Year, the Group performed its corporate citizen responsibility actively through rendering community services, organizing public welfare activities and made social donations. Meanwhile, we also encourage employees and more individuals to participate in public welfare activities. The details regarding the sustainable development of our market promotion, working environment, community and environment are set out in the section under the Environment, Social and Governance Report, which was reviewed by our Directors.

EMPLOYEES, MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the aggregate sales attributable to the Group's five largest customers accounted for 66.41% (2023: 62.55%) of the Group's total sales and the sales attributable to the Group's largest customer was approximately 20.47% (2023: 26.53%) of the Group's total sales. The aggregate purchases attributable to the Group's five largest suppliers were approximately 63.86% (2023: 55.40%) of the Group's total purchases and the purchase attributable to the Group's largest supplier was approximately 20.35% (2023: 17.01%) of the Group's total purchases.

As far as the Directors are aware, none of the Directors or any of their associates or any Shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had beneficial interests in the Group's top five suppliers or customers referred to above.

The Group has not relied on any individual customer and supplier as regard to its business which has a significant impact on the Group.

The Group adopts people-oriented approach, provides employees with reasonable working rewards and continues to improve systems in salary and benefits, training, professional health and safety to retain talents. The Group maintains good relationship with customers and establishes channels for solving customers' problems and giving feedback to ensure the quality of service. The Group also maintains good relationship with suppliers and conducts fair and strict review about suppliers.

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 the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the date of this annual report, there was a sufficient prescribed public float of the issued shares of the Company under the Main Board Listing Rules.

PROFESSIONAL TAX ADVICE

If the Shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

AUDITOR

The resolution on re-appointment of Confucius International CPA Limited as the auditor of the Company will be proposed by the Company at the 2024 AGM.

By the order of the Board
China Parenting Network Holdings Limited
Cheng Li
Executive Director and Chief Executive Officer

Nanjing, 31 March 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORT FRAMEWORK AND SCOPE OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

This report describes the Group's ESG responsibilities in 2024. The Board has determined, quantified and reported on the relevant performance of the Group.

Unless otherwise specified, this reporting period and the report (the "ESG Report") cover all consolidated subsidiaries from 1 January 2024 to 31 December 2024 (the "Year" or the "Reporting Period"), and cover the Group's businesses, namely (i) provision of marketing and promotional service; and (ii) sale of goods business. The Group's principal places of operation are located in offices rented in Nanjing, China and Hong Kong.

REPORT STANDARDS AND PRINCIPLES OF ESG REPORT

The ESG Report of the Group was prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the "ESG Reporting Guide") set out in Appendix C2 of the Listing Rules, and reported based on the "comply or explain" provisions and the following principles as required by the ESG Reporting Guide:

Materiality

Important impacts on investors and other stakeholders are assessed.

Quantitative

Key performance indicators ("KPIs") are measured and compared with a view to reducing particular impact and assessing and validating the effectiveness of policies.

Balance

Possible inappropriate influence on readers' judgment are avoided and performance of the Group are fairly reflected.

Consistency

Consistent disclosure and calculation methodologies are used and meaningful comparison are made to facilitate comparison with historical data.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OUR ESG OBJECTIVES

Adhering to the corporate philosophy of "Integrity, Professionalism, Faith, Persistence", the Group sincerely rewards the society, advocates the core parenting values of health, happiness, self-confidence, efficient, and prompt, and actively bears environmental and social responsibilities. All of these are the major objectives for the Group's management and operations so as to achieve harmonious, long-term and sustainable development between the Group and the society, environment and the economy.

ESG FRAMEWORK

We have established a two-tier ESG governance structure comprising the Board and the Environmental, Social and Governance Working Group (the "Working Group"). The Board has overall responsibility for ESG strategy and reporting. The Board has mandated the Working Group to implement ESG strategies and policies, risk management and internal control and to prepare ESG reports. The Working Group is composed of independent directors, senior management, authorised representatives and internal and external members who have extensive experience in the Group's business. The Working Group reports to the Board on a regular basis.

The main responsibilities of the Board:

— Oversee, formulate and disclose the Group's overall vision for ESG issues and short-term, medium-term and long-term management strategies

— Identify the strategical importance of the Group's ESG-related risks and opportunities to the Group, and undertake review, refinement and improvement in a timely manner

The main responsibilities of the Working Group:

— Carry out risk management and internal control, establish reporting requirements and scope, and implement the Group's overall ESG management policies and strategies

— Set and track the Group's quantitative or directional goals

— Measure and assess priority and management importance of ESG-related issues

— Collect and review data on the Group's key performance and related reporting scope and confirm the consistency of preparation

— Strengthen internal and external materiality assessment, establish good relationship with external stakeholders, and maintain communication and interaction on a long-term basis

— Consider budgetary options for ESG benefits

— Disclose "comply or explain" matters and reasons for non-disclosure: (i) immaterial; (ii) confidentiality restrictions; (iii) specific legal prohibitions; (iv) no relevant information

STAKEHOLDERS AND SIGNIFICANT ISSUES ASSESSMENT

We attach great importance to communication with stakeholders, pay close attention to their expectations of our environmental and social responsibilities, and also conduct regular communication every year. We use various channels to enhance stakeholder participation in our business strategy formulation, including but not limited to ongoing communications, questionnaires, meetings and training courses. The Board considers this move can:

— effectively balance the expectations, opinions and goals of all parties, strive for the best long-term interests for all stakeholders, and jointly shoulder more social responsibilities;

— give us more advantages in resource utilization, talent development and innovation management, and improve our competitiveness; and

— improve the risk control ability and make the possibility of negative events such as violations and lawsuits less likely.

• Communication with Stakeholders

We have identified stakeholders with influence, decision-making power and high relevance to the development of the Group. The main stakeholders we have identified are as follows:

Stakeholders	Major Issues	Major Communication Channels
Users/customers	Product and service quality Protection and management of user/customer information Integrity and commercial practices	User/customer services Online and offline questionnaire Conveying corporate culture and business ethics
Shareholders/investors	Investment return Business development strategies Sustainable development and long-term interest Corporate governance transparency	General meetings Corporate announcements Investors meeting Investor relation services
Employees	Remuneration and benefits Career development planning Occupational health and safety initiatives Work-life balance Equal opportunity Low-carbon office	Periodic performance review Staff training and activities Employee satisfaction survey Corporate internal information platform and internal journal Face-to-face communication and letter box
Governments/regulatory authorities	Compliance management Policy compliance Supporting policies Local regulations and actual practices Public engagement	Meetings Periodic report Policy consultation Joining industry associations Cooperation in company visit

Stakeholders	Major Issues	Major Communication Channels
Suppliers	Product and service quality Order/contract execution Environmental responsibilities Business ethics	Suppliers assessment Site visits Periodic communication Audit
Community and public	Promoting employment Volunteer services Charity and donation Contribution to society Environmental responsibilities	Self-owned public welfare project platform and resources Social media Non-profit welfare organization Employee participation in volunteers and charity activities

- **Assessment of the Importance of ESG issues**

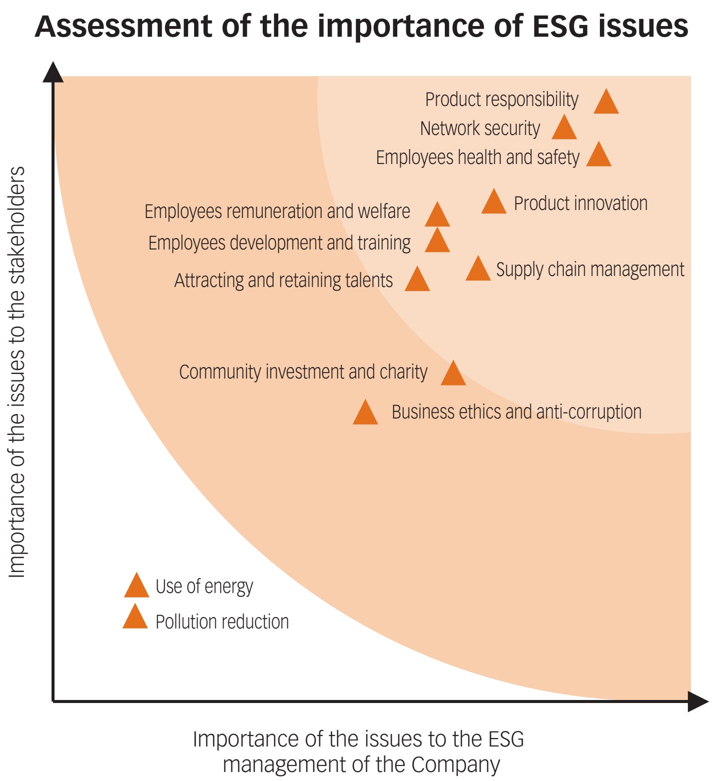
By analyzing the HKEX ESG report guidelines, communicate with internal and external stakeholders of the Company on important issues, understand their expectations for the Company, and identify a list of important issues related to the Group's business.

— Internal stakeholders mainly consider from the perspective of meeting the Company's long-term development strategy, existing competitive edges, and grasping changing market development opportunities

— External stakeholders mainly consider from the perspective of the degree of influence created by the relevant groups themselves, the urgency of decision-making of the Group and the improvement of market conduct

During the Reporting Period, we conducted a total of 4 telephone interviews and online questionnaires with internal and external stakeholders to understand their concerns on the Group's ESG practices. We also identified the list of important issues of the Group through media search, benchmarking analysis, and participation in government-organised social responsibility-related meetings and social activities. From the two aspects of the impact on the Group's strategic management and the impact on stakeholders, according to the ranked importance of issues on the list, we completed the assessment of the importance of issues of the Year. The Board has reviewed and approved the results of this assessment.

ASSESSMENT OF THE IMPORTANCE OF ISSUES



ENVIRONMENT

The Group values management of environment. We recognizes the importance of sustainable environmental development to on-going business operation. In the course of business, we introduced the concept of environmental protection, complied with the requirements of local regulatory authorities and specific guidelines in the industry and are committed to the social responsibility of protecting environment as a corporate. Our environmental protection policies advocate low-carbon office, green procurement and promotion of environmental protection to the market and society. As the Group is an internet corporate, our operation has relatively small impact on the environment.

The Company complies with "Environmental Protection Law of the People's Republic of China 《中華人民共和國環境保護法》", "Atmospheric Pollution Prevention Law of the People's Republic of China 《中華人民共和國大氣污染防治法》", "Water Pollution Prevention Law of the People's Republic of China 《中華人民共和國水法》" and "Energy Conservation Law of the People's Republic of China 《中華人民共和國節約能源法》", and actively study the environmental protection condition issued by the local environmental management authority and the guidelines of enterprise management standards.

In 2024, to the best knowledge of the Group, there was no material non-compliance with relevant standards, rules and regulations.

• Environmental Goals

We understand that companies need to shoulder the social responsibility of protecting the environment. As of 31 December 2024, the Group has set preliminary directional goals in terms of energy efficiency, water efficiency, waste reduction and greenhouse gas emissions. We will review and examine the implementation progress of various environmental protection goals and measures, and monitor various emission sources to identify more opportunities for energy conservation and emission reduction. In the future, we will set more specific quantitative environmental goals to ensure that resources are used properly and contribute to mitigating climate change.

Environmental Scope	Goal
Energy Efficiency and Greenhouse Gas Emissions	Actively implement, maintain or gradually reduce electricity consumption in accordance with the Group's electricity saving measures
Water Efficiency	Actively implement, maintain or gradually reduce water consumption in accordance with the Group's water conservation measures
Waste Reduction	Actively implement, maintain or gradually reduce waste generation according to the Group's material saving measures

• Carbon Dioxide Emissions

The Group's main emission was carbon dioxide indirectly emitted from consumption of electricity purchased from the Bureau of Electricity in the ordinary course of business and operating activities. Our direct electricity consumption mainly comes from offices in the properties where the Group's business operations are located. We calculated the data of carbon dioxide emissions indirectly produced according to the electricity bill provided by the properties. As reviewed by the Group, the carbon dioxide emissions of the Group during the Reporting Period were as follows:

Carbon Dioxide Emissions	Unit	2024	2023
PRC Headquarters Electricity Indirect Emissions(1)	Metric Tons of Carbon Dioxide Equivalent	**49.99**	56.04
Hong Kong Office Electricity Indirect Emissions(1)	Metric Tons of Carbon Dioxide Equivalent	**0.50**	4.19
Total	Metric Tons of Carbon Dioxide Equivalent	**50.49**	60.23
Intensity of PRC Headquarters(2)	Metric Tons of Carbon Dioxide Equivalent/square meter	**0.05**	0.05
Intensity of Hong Kong Office(2)	Metric Tons of Carbon Dioxide Equivalent/square meter	**0.002**	0.02

Notes:

(1) The businesses owned or controlled by the Group do not involve GHG emissions directly generated in scope 1 (directly generated greenhouse gas emissions), mainly generated from electricity purchased from power companies in scope 2 (electricity and gas emissions).

(2) Data for Nanjing, China is calculated in accordance with the average CO_2 emission factors of power grid in Jiangsu Province listed on the "Calculating Method and Data Form for CO_2 Emission (《二氧化碳排放核算方法及數據核查表》)" published by Ministry of Ecology and Environment of the People's Republic of China. While data for Hong Kong, China is calculated in accordance with the CO_2 equivalent coefficient provided by HK Electric, a Hong Kong electric company.

The decrease in total indirect electricity emissions and intensity in 2024 compared to 2023 was due to the Group's rational arrangement of office space and economical use of electricity based on its business and headcount. We will keep focusing on and improving such performance.

- **Resources Utilisation**

Due to the nature of our business, our operating process consumes less resources than other major industrial manufacturers. The main resources we consume are purchased electricity for daily official duties and operations in the premises. In 2024, the use of resources of the Group was as follows:

Energy and Resource	Unit	PRC Headquarters 2024 Total	Hong Kong Office 2024 Total	Total[(2)]
Purchased electricity	Thousands of kWh	**66.67**	**0.71**	**67.38**
Intensity	Thousands of kWh/m^2	**0.07**	**0.00**	**–**
Water consumption	Cubic meters	**80.00**	**Not Applicable[(1)]**	**80.00**
Intensity	Cubic meters/m^2	**0.08**	**Not Applicable[(1)]**	**–**
Printing paper	Metric tons	**0.40**	**0.01**	**0.41**
Intensity	Metric tons/m^2	**0.00**	**0.00**	**–**
Packaging paper	Metric tons	**4.23**	**0.00**	**4.23**
Intensity	Metric tons/m^2	**0.00**	**0.00**	**–**

Energy and Resource	Unit	PRC Headquarters 2023 Total	Hong Kong Office 2023 Total	Total[(2)]
Purchased electricity	Thousands of kWh	74.74	5.90	80.64
Intensity	Thousands of kWh/m^2	0.07	0.03	–
Water consumption	Cubic meters	63.00	Not Applicable[(1)]	63.00
Intensity	Cubic meters/m^2	0.06	Not Applicable[(1)]	–
Printing paper	Metric tons	0.40	0.01	0.41
Intensity	Metric tons/m^2	0.00	0.00	–
Packaging paper	Metric tons	8.67	0.05	8.72
Intensity	Metric tons/m^2	0.01	0.00	–

Notes:

(1) In Hong Kong, the water supply service for offices is provided by the building management. In this case, water consumption data is not available.

(2) Intensity has been listed separately for PRC Headquarters and Hong Kong Office, not applicable for aggregate totals.

The slightly decrease in purchased electricity, the increase in water consumption in 2024 compared to 2023. The increase in water consumption was attributed to extensive cleaning carried out at the new office following the relocation of the headquarters in the PRC.

- **Energy-saving and Emission Reduction Measures**

The Group believes that reasonable utilisation of resources is an area of focus in its sustainable development. Enhancing energy efficiency in operation will not only help environmental conservation, but also reduce costs and boost operational efficiency in the long run. The Group proposes "low-carbon office" and enhances its management system constantly in many aspects including improving energy utilisation rate, saving water, electricity and energy as well as recycling and reusing wastes, and at the same time encourages employees to develop a "low-carbon habit". During the Reporting Period, we implemented the following major measures:

— ***Water consumption***

Since our water was domestic water generated from offices in the properties where our business operations were located, no problems were found when obtaining the applicable water source. Such water data was calculated mainly based on water bills provided by the properties. We posted water-saving notices in toilets as reminders. We strengthened our daily maintenance management of water equipment, repaired damaged water supply facilities in a timely manner and checked and replaced faucets and pipe valves regularly.

— ***Paper consumption***

With the co-operation of every department, we continuously increased online approvals for OA systems to reduce paper approvals.

We reduced colour printing configuration for several printers, and posted energy-conservation operating requirements such as black and white printing, double-side printing, recycle of used paper, and fully use of ink cartridges in printing area.

We have already reduced unnecessary printing and strictly control issuance of printing materials to avoid unnecessary wastage.

We strictly controlled the usage of courier bills, carton boxes and file envelopes required by post. We have cooperated with courier companies to reduce the size of courier bills to strengthen reuse.

— ***Meetings and travels***

The Group advocated to reduce any non-necessary business travel.

The Group established no fleet, therefore there was no direct gasoline emissions. It also encouraged employees to use public transport for business trips and work.

Meetings for cross-regional communication were encouraged to be held by electronic means wherever feasible.

— ***Electricity-saving measures***

Through enhancing air tightness of walls and summer shading of windows, repairing air-conditioning system and cleaning pipeline network, energy consumption by air-conditioning operation was reduced.

Through altering part of office layout to enhance the control of temperature and usage time in air- conditioning areas, the efficiency of energy usage was improved.

Through applying innovative technologies to data center, the server usage efficiency was increased and the use of cabinets was reduced.

Energy-saving and environmental protection office equipment was procured and configured.

Automatic sleep mode was used for air conditioners and office equipment to reduce power consumption.

Aged electrical appliances with low-efficiency were replaced.

Electricity-saving labels were added, and non-necessary equipment was timely shutdown under patrol supervision.

— ***Employee training and activities***

The Group considered low-carbon and energy-saving as employees' performance evaluation standard and incorporated such areas into regular training to push its policy forward.

We conducted promotional campaigns for our employees on World Earth Day every year to raise low-carbon office awareness and public environmental protection awareness.

- **Wastes Treatment and Recycling**

Owing to its business nature, the Group was not aware of any material hazardous wastes generated. Owing to our business nature, our operations generate less waste than other types of enterprises. Our wastes were mainly generated in the office. Our discharge water volume was as equivalent to office water consumption in calculation. Our wastes were mainly office wastes, domestic waste in offices and packaging materials for courier services.

Our recyclable wastes mainly included waste paper, waste cardboard, obsolete office furniture, home appliances, computers, and a small amount of materials used in office renovation (excluding relocation and decoration).

Our special waste mainly included discarded print cartridges, ink cartridges and waste lamp etc. which were produced from the printing equipment in our office premises. In 2024, the Group's waste measurement (including China and Hong Kong offices) was as follows:

Waste	Unit	Total in 2024	Total in 2023
Discharge Water Volume	Cubic meters	80.00	67.45
Intensity	Cubic meters/m^2	0.08	0.06
Recyclable Wastes	Kg	750	195
Intensity	Kg/m^2	0.74	0.18
Special Waste	Kg	18	18
Intensity	Kg/m^2	0.02	0.02

Compared to 2023, the recycled waste increased significantly in 2024, mainly due to cleaning up some scrapped furniture, home appliances and files following the relocation of the headquarters in the PRC and Hong Kong office. The total amount of waste decreased slightly, due to the decrease in overall usage in office operations.

We have reduced waste generation and achieved effective waste recycling through the following measures:

- Advocate waste sorting and recycling. Our waste was mainly divided into recyclable waste, kitchen waste and other waste.
- Special waste such as discarded print cartridges and ink cartridges are recycled and disposed of by qualified suppliers.
- Some of the food wastes and other wastes have been disposed by the property management company where they are located and cannot be measured separately. The Company has made urban waste disposal payment, which is based on the number of employees, according to the invoice issued by the municipal management fee collection bureau.
- Reduce the use of disposable items such as paper cups and chopsticks.
- Put up slogans to advocate food cherishing and kitchen waste reduction.
- Advocate less consumption of office supplies and better use of public facilities.
- Advocate waste recycling, such as making discarded items into creative decorations.

In 2024, our Directors considered that the Group's energy-saving measures were slightly refined and resources utilisation was overall slightly improved as compared with 2023. We will keep focusing on and improving such performance.

- **Climate Change**

The Group is well aware of the adverse effects of climate change. The Working Group has identified the following climate-related risks based on climate-related financial disclosures:

Extreme Events	Impact on the Group Extreme weather creates safety concerns for employees	Mitigation Provide employees with safety training to increase their safety awareness and develop contingency plans to ensure prompt responses in emergency situations
Policy Risks	Impact on the Group Enhanced understanding of sustainability reporting and ratings of key local and international guidelines, with particular emphasis on climate change	Mitigation Monitor regulatory trends and ensure that the Group's operations comply with relevant ESG requirements; identify areas for ESG improvement and implement relevant measures where applicable

SOCIETY

- **Employment and Labour Practices**

The Group upholds the philosophy of "people-oriented" by providing a desirable working environment to employees, safeguarding their health and safety and encouraging them to align personal growth with corporate development so as to facilitate the mutual development of employees and the Group. We strongly believe that talent is our most valuable asset and the cornerstone of our long term development.

- **Labour Standards**

The Group has formulated a comprehensive human resource policy in terms of employment, dismissal, promotion, vacation, training and welfare, etc. to support our work in human resources. During the Reporting Period, after reviewed by the board of directors, the Group has complied with "Labour Law of the People's Republic of China 《中華人民共和國勞動法》", "Labour Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》", "Law of the People's Republic of China on the Protection of Minors 《中華人民共和國未成年人保護法》", "Law of the People's Republic of China on the Protection of Women's Rights and Interests 《中華人民共和國婦女權益保障法》", and employment regulations in the relevant jurisdictions where our business is located. We sign labour contracts with employees in accordance with the law, follow the principle of voluntariness and never force employees to provide labour by means of violence, threats or illegal restrictions on personal freedom; the Group has strictly abided by the fair employment opportunities in different regions; During the recruitment process, we require each job seeker to provide information on identity document, educational background, qualifications and work experience, which will be reviewed and verified by the Human Resources Department. This allows us to hire the right people for the job and avoid child labour. During the Reporting Period, the Group did not have any non-compliance incidents involving child labour or forced labor or employment disputes.

The Group continues to improve regulatory framework including "Employee Manual", "Human Resources Management System", "Employees Performance Management System" and "Attendance Management System", which provide clear regulations for employment, dismissal, remuneration and welfare and performance evaluation. These systems are established and maintained in accordance with relevant laws, regulations and market practices. The Human Resources Department is responsible for the publicity and promotion of the rules and systems above to ensure that employees understand the corporate policies and their entitlement to equitable, fair and reasonable labour rights.

- **Remuneration and Benefits**

Our remuneration policy is performance-oriented, and designed to reward well-performed and highly motivated employees. We have a well-established performance management system. While performance assessment for each employee is conducted quarterly by his/her supervisor, he/she shall also perform self-assessment or report his/her work as required. Performance target is set by employees together with their supervisors. Supervisors are encouraged to provide constructive feedback to every employee from time to time.

During the Reporting Period, in order to further motivate staff members and teams to be innovative and encourage them to take challenges, the Company organised innovative project selection activities and set up innovation funds and target achievement awards.

Our basic benefits system has been developed and maintained in accordance with relevant laws, regulations and market practice. Apart from this, the Company has established its staff club and organised sports events and leisure activities for its employees and provided funding support for the club activities. The Company organises thematic team-building activities, including annual sports events, annual travel, annual gala, quarterly departmental activities and ad hoc interesting thematic group activities, with an aim to develop team spirit. The Company celebrates employees' special moments with gifts, such as festive gifts, birthday gifts and length of service gifts.

- **Promotion**

The Group organises talent selection, assessment, promotion and reserve procedures every year. Employees may apply for promotion during their interim and year-end performance assessments, provided that they satisfy the length of service and performance requirements. Depending on work service scope, the promotion is reviewed and considered by different internal committees. The promotion review process is fair and open.

- **Equal Opportunities and Diversity**

The Group is committed to providing a fair and diversified workplace with no discrimination, and does not discriminate on the grounds of gender, ethnicity, race, disability, age, religious belief, sexual orientation or family status. Diversity is well supported in our corporate culture. Both male and female staff members of the Group share equal opportunities for employment and promotion. The Group also engages disabled employees as full-time or part-time employees and ensures that they have the same benefits with other employees.

Our female employees who were pregnant and gave birth during their employment generally return after their maternity leave.

As at 31 December 2024, the Group had a total of 50 employees, details of which are as follows:

Breakdown by types of employment
Full time: 66% Internship: 34%

Breakdown by gender
Female: 76% Male: 24%

Breakdown by region of employment
Mainland China: 94% Hong Kong: 6%

Breakdown by age group
30 and below: 48%
31–50: 46%
Over 51: 6%

- ## Employee Resignation

We attach importance to the relationship with leaving employees and handle employees' resignation strictly in accordance with applicable laws and regulations. The Company maintains a respectful employment relationship with its employees. Employees can terminate the employment relationship on their own. The Human Resources Department will arrange proper communication with the resigned employees, understand their reasons for resignation and suggestions for improvement, and welcome them to reapply to work for the Company.

As at 31 December 2024, turnover rate of the Group's staff (excluding interns) are as follows:

Annual employee turnover rate by year: 48%

(By gender) Percentage of resigned male employees: 40%
Percentage of resigned female employees: 60%

(By age group) Percentage of resigned employees aged 30 and below: 33%
Percentage of resigned employees aged 31 to 50: 67%
Percentage of resigned employees aged 51 and above: 0%
(By region of employment) Percentage of resigned employees from Mainland China: 100%
Percentage of resigned employees from Hong Kong: 0%

- ## Employee Communication

We are dedicated to establishing comprehensive communication channels for employees so as to improve the internal information platform of the Company in accordance with the needs of employees and enhance the communication efficiency. Currently, official channels are in place for employees to voice their views and receive feedbacks. The Company conveys its corporate strategy, culture and corporate development situation to employees through releasing electric publications on a regular basis. We conduct employee satisfaction surveys with employees every year to collect their suggestions and opinions.

- **Health and Safety**

The Group complies with the "Safety Production Law of the People's Republic of China 《中華人民共和國安全生產法》", "Fire Protection Law of the People's Republic of China 《中華人民共和國消防法》", "Occupational Disease Prevention Law of the People's Republic of China 《中華人民共和國職業疾病防治法》" and other laws and regulations related to occupational health and safety and fire safety in the workplace. The Group strives to maintain high occupational safety and health standards, and provides a safe workplace for its employees. The Group formulates policies related to health and safety and arranges health and safety training for all new employees to strengthen their health and safety awareness. As far as the Group is aware, there was no material non-compliance with relevant standards, rules and regulations in 2024. In 2024, the Company mainly focused on the situation where employees may have potential chronic occupational hazards in their working environment and environmental pollution, and strengthened the management of employees' health and safety.

The Group adopted the following health and safety measures:

— Adjusted and replaced the lighting facilities to make lighting in office more comfortable for eyes;

— Maintained first-aid kits with proper placement of medical and pharmaceutical supplies and conducted monthly checking on medicine stock and their expiry dates to ensure the medicine provided by the Group can fulfil employees' daily health and first-aid needs; and provided suitable labour protection supplies for employees;

— Performed periodic cleaning on drinking facilities and air-conditioning, and carried out pest control and dust removal regularly and enhanced sterilisation measures in office during epidemic period;

— Added air purification equipment in office and enhanced ventilation in office;

— Made appropriate alterations to office area and added adequate living facilities in functional area and set up nursing room for breast feeding female employees as well as added more green plants;

— Centralised the use of higher power electric household appliances and established standards for electrical safety for the employees and strengthened fire-fighting devices;

— Promoted employees' awareness of travel safety and made appropriate adjustment of attendance under extreme weather conditions such as rainstorm and snowstorm;

— The Group built a fitness room in the office area and set up a number of fitness equipment. At the same time, the Group has established a yoga club, a swimming club and other leisure clubs for our staff and provided activity funds for those clubs;

— Offered health and safety training for new employees;

— The Group provided employees (including interns) with employment and annual physical examination and purchased commercial insurance related to health and safety for them;

— Upgraded access control system to reinforce access management, enhanced safety monitoring and inspection in office areas, created a smoke-free office environment, advised employees to quit smoking and strengthen exercise.

During the year ended 31 December 2024, the Group did not encounter any major accident during daily operation. There was no work-related fatality or work-related injury.

Number of fatalities due to work in 2022, 2023 and 2024: 0
Number of working days lost due to work-related injuries during the Reporting Period: 0

- **Work-life Balance**

In addition to complying with national statutory holidays and the "Implementation Measures for Paid Annual Leave for Employees of Enterprises《企業職工帶薪休假實施辦法》", the Company has also added other holiday leave, and compensatory leave vouchers according to the actual situation.

In terms of working hours, the Group strictly follows the requirements of the "Labour Law of the People's Republic of China《中華人民共和國勞動法》" and implements the standard working hour system. For overtime work, subsidies or compensatory leaves are granted to avoid adverse effects on physical health due to long working hours.

- **Development and Training**

The Group attaches great importance to personnel training and cultural construction, and has established a "Training Management System" to standardize training management, clarify training objectives and establish a training system. We have set up our own enterprise college "Orange College". Orange College provided different training courses to employees at their different stages of career, the main course training includes:

Professional development skills	65%
Management skills and personal improvement	15%
Health, safety, etiquette, interest, environmental protection	5%
Corporate culture, systems and processes, legal knowledge, professional ethics	15%

The "Orange College" set up theme courses such as "Orange Growth Camp", " Youke College", "Orange Sharing", and "Orange Innovation".

"Orange Growth Camp" is a training program for targeted new employees. Two sessions are held each year, each taking one month. Classes are taught by internal lecturers to help new employees understand corporate culture and systems, train work skills, and learn teamwork methods.

"Orange Sharing" aims to make use of the existing talent advantages and resource advantages. Through sharing, it helps employees to develop new ideas and upgrade their skills, promotes the integration between new and old employees, encourages them to explore and expand jointly and efficiently.

"Orange Innovation" advocates employees to maintain the drive to learn and create. In this training, it helps employees understand knowledge such as the project structure, the product's production chain, and the business system, and encourages employees to plan and practice innovative technologies, services and business solutions.

In addition, Orange College also set up an online learning platform and uploaded some courses in videos to allow employees to retrieve at anytime and anywhere. All employees of the Group (applicable to all male and female employees), including ordinary employees, middle management and senior management are required to participate in training courses of not less than 4 hours each year.

In 2024, Orange College organized a total of 48 employee training sessions, with an average participation time of about 2 hours per person. A total of 30% of the employees were awarded the "Medal of Honor" by the Orange College as excellent participants.

- **Operating Practices**

  CI Web is a leading vertical online platform for the Children-Babies-Maternity market in the PRC, aiming at providing young families in the PRC with value-added services such as new media, content, community, smart hardware, e-commerce and cross-border services. The Group adheres to the principle that integrity comes first and conducts business according to the operating practices which are in compliance with local and international laws. Our employees are required to follow the code of conduct.

- **Supply Chain Management**

  In 2024, the Group had a total of 78 suppliers, of which 2 were Hong Kong suppliers and the rest were PRC suppliers. In 2024, a total of 14 suppliers provided contract values of RMB1 million and above to the Group and all 14 of them were independent third parties. During the year, the Group was not aware that these 19 suppliers had any significant actual and potential negative impact on business ethics, environmental protection, human rights and labor practices or any incidents of non-compliance with human rights.

  The Group has established and implemented the procurement management system and supplier management system to maintain the integrity, fairness, safety, and premier quality of supply chain, while striving to increase the indirect economic benefits to be generated and positive impact on environmental protection, labor and safety. Our practices for engaging and managing suppliers include:

  — The Group generally carries out procurement through price comparison and sentinel procurement. In the selection of suppliers, we conduct screening and assessment based on their quality and prices. We obtain price quotation from at least three suppliers, and carry out inspection on the suppliers' compliance qualifications.

  — We also evaluate whether suppliers have complied with our ESG standards. Suppliers are required to provide a "Supplier Social Responsibility Questionnaire" for us to review their work environment, occupational health and safety, child labor, environmental management, and anti-corruption. At the same time, we reflect relevant clauses in the contract to encourage suppliers to understand and comply with them. Through our evaluation, a database of qualified suppliers has also been established.

  — The Group conducts annual evaluation on the performance of suppliers. Apart from key standards including quality, costs and services, we also evaluate their compliance with our ESG standards. We communicate with suppliers who do not get good results in our evaluation for correction or improvement. If the current supplier ceases operation or major violations of laws and disciplines have occurred, we will use a backup supplier from the qualified supplier database to ensure the normal operation of our products or services.

  — To ensure suppliers' capabilities in quality assurance, safety and other environmental management, we conduct on-site investigations on suppliers as and when required to ensure the safety of supply chain, and conduct regular on- site investigations on logistic suppliers and data center suppliers.

  — In terms of inspecting the social responsibility of suppliers and protecting the environment, suppliers formally employed by the Group's Purchasing Department need to agree to the terms contained in the statement and commitment on anti-commercial bribery, and the terms contained in the commitment on labour rights, health and safety, and environmental protection when conducting business with the Group. Suppliers shall fully comply with local policies and regulations regarding environmental protection and demonstrate relevant qualifications. Priority cooperation evaluation shall be given to suppliers who provide advanced solutions and active measures in environmental protection.

— We advocate establishing mutual trust between suppliers and us which will help us manage potential environmental and social risks and improve operation effectiveness. In 2024, we invited 2 technical service suppliers to conduct a satisfaction survey in order to review the performance of our procurement personnel in terms of integrity and fairness. We also learned from suppliers about their latest developments and their opinions in order to strengthen our cooperation, and we conveyed our business philosophy of sustainable development to them. We have invited 1 logistics supplier to communicate and negotiate to improve courier materials to reduce waste and increase recyclability.

— We engage internal auditor and legal advisers to review suppliers' compliance and performance of the personnel involved in the procurement process.

— In order to improve business ethics and social responsibility awareness among employees, and abide by the code of conduct of corporate compliance procurement, we educated staff who are involved in the procurement process to reduce the risk of fraud such as commercial bribery.

PRODUCT RESPONSIBILITY

The Group is committed to providing the best user experience. We attach great importance to the quality and reputation of its information services and products to fulfill our promises on service quality and truthfulness of information. We have protection and monitoring measures in place for user complaints, user services and establishment of intellectual property.

- **Customer Services and Complaints**

For the services and products provided by the Group, we have customer service channels to solve customers' problems and complaints to ensure they will be handled promptly. We ensure that complaints will be handled no later than 8 hours. We also have special personnel responsible for investigations and taking monitoring measures regarding the complaints. During the year of 2024, there were 23 customers' complaints and all of them were handled promptly. The Group also voluntarily accepts supervision of local government, market and quality control department as well as the public. During the year of 2024, to the best knowledge of the Group, there was no material non-compliance with relevant standards, rules and regulations.

For products in kind sold in the Group's e-commerce activities, except for the situation through special consultation with the after-sales department, users shall return the products that they do not want in original appearance and packing and obtain either refund in full or replacement within 5 working days. Certain products can be returned unconditionally within 15 days. Before delivery, we have dedicated personnel to carefully inspect and pack products to be delivered. If users have a request for return or exchange after purchasing a product, they can initiate an application on the platform's sales page, or contact customer service for help through the guide. Customer service will review the request within 24 hours, and after the review and receipt of the goods returned by the customer, refunds, exchanges, and returns will be processed. If the product is defective due to quality, Apart from refund, we also undertake the corresponding losses caused to users. During the year of 2024, to the best of the Group's knowledge, there was no return of product due to safety and health reasons.

For hospitals, doctors and experts partners, the Company strictly supervised their qualifications. The cooperating doctors are mainly doctors from the 3A hospitals. The Company also requires staff in editorial positions to obtain the national senior baby nursing certificate to enhance the professionalism of our services.

- **Stability of Systems and Project Development Management**

To safeguard the successful operation of the Company's business and provide users with high-quality experience, the Company keeps on improving the operational stability of its products and platform server as well as its network infrastructure. At the structural level, measures such as traffic limitation, downgrade, isolation, overtime, retry, and clustering are adopted to ensure system stability. The Company has formulated the "System Security Maintenance System" and "Engine Room Security Review System" to maintain its normal operation. It has also set up a disaster recovery mechanism accordingly to support data disaster recovery function and conduct drills and adopt emergency measures. For operation and maintenance system, we have upgraded the underlying technology and self-developed monitoring system for many times and plotted the overall data index of the system in real time to protect the self-recovery capability and timely and effective alarm capability of the system.

The Company continuously improves the standardization of its project management and research and development processes, and the documentation and standardization of software management and software processing. We define the Company's standard software processing.

In terms of product development and maintenance and optimization, the project and development within the Group are coordinated and managed by the technology platform. It provides important capabilities such as high productivity development, resource scheduling, data platform, business integration, and public services, and provides comprehensive support for project specification, sharing, deployment, operation and maintenance, integration and governance. At the same time, it offers faster and more efficient technical upgrades for our product clients. It also provides corresponding solutions in APP loading and display, content storage, data embedding and processing, and analyzes user habits and preferences to update the product continuously.

- **User Privacy**

The Group pays attention to the protection of user's information and privacy in daily operation. On one hand, we continue to minimise the risk of leaking user's information through enhancing our security technology measures such as adopting the technology of storage encryption and controlling information access authority. On the other hand, we strictly incorporate and implement the regulatory requirements about privacy protection in our internal compliance processes. We follow the principles of legality, justification and necessity when collecting user information. To ensure that users understand how we protect their personal information and enhance the transparency of our data collection and processing, we published our privacy protection policy on respective product websites and applications of respective products. The main basis that formulated in accordance with compliance control has no material breach of the "Regulations on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》)".

The user privacy policies of all APPs under our Company stuck to the requirements of the "Cyber Security Law (《網絡安全法》)", the "Law on the Protection of Consumer Rights and Interests (《消費者權益保護法》)", in order to protect the security of personal data and protect the legitimate rights of users. Users will be notified and asked for permission each time an update or instruction on acquisition of new information is made, and the information is used only after obtaining the user's consent. When we collect personal data, we express the rules for information collection in an easy, simple and clear manner, and obtained the consent by the subject of personal data collection. Users will not be forced to authorize in disguise by default, bundling, or ceasing installation. When we provide push notifications services, users may choose to reject these push notifications.

In accordance with the "Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》)", we provide user data acquisition, processing and protection of related privacy awareness or regulatory training to suppliers, customers and all our employees involved in the personal data processing, and sign user data privacy compliance agreement in due course.

- **Internet Security**

  In order to further establish an internet system that complies with national regulations together with a sound network and information security protection, the Company has formulated "Website Security Protection Initiatives", "Information Security Confidentiality Management System", "User Information Security Management System", which are in line with the automated network security guarantee system, hence the multi-layered protection for our Internet system have been strengthened.

- **Intellectual Property**

  The Company emphasises the importance of intellectual property compliance and protection. Majority of our main intellectual property related to our operations is obtained from sources and we have a procurement process in place for intellectual property purchase. We formulate and implement the systems and procedures of declaration, registration, procurement, use and infringement monitoring of trademarks, patents, copyrights and domain names so as to safeguard our interests. We convey intellectual property protection and confidentiality awareness to our employees regularly and ensure their strict implementation. We also actively reduce the risk of our users infringing the intellectual property rights of others that may exist in the course of using our services through technical monitoring, manual review and market research. Given that we do not use or adopt any third party content to generate direct income, in the event of any litigation with respect to such area, our PRC legal advisor considers and our Directors concur that the risk of material adverse impact on the financial condition of the Company in relation to the claims from third party is low. The main basis that formulated in accordance with compliance control has no material breach of the "Copyright Law of the PRC (《中華人民共和國著作權法》)", "Trademark Law of the PRC (《中華人民共和國商標法》)" and "Regulations on Protection of Information Network Transmission (《信息網絡傳播保護條例》)".

- **Supervision of Advertising Operation, Internet Information Services and Other Operating Activities**

  For our advertising operation, we have already applied for operator registration at the competent administration for industry and commerce. The Group has stringent management procedures in place for advertising design, production and publication. We also recruited an advertisement inspector who possesses the Ad Inspector Training Certificate issued by Jiangsu Advertisement Association. We also have the ICP licence (internet information service business and operational e-commerce business) necessary for conducting Internet communication services. The Group has technical monitoring and manual review process for Internet communication security, and at the same time, we appointed an Internet security officer who possesses the Internet Communication Security Manager Qualification Licence for Jiangsu Province issued by Jiangsu Provincial Public Security Department. The main basis that formulated in accordance with compliance control has no material breach of "Advertising Law of the PRC (《中華人民共和國廣告法》)" and "Measures for the Administration of Internet Information Services (《互聯網信息服務管理辦法》)". We have obtained the business licence for radio and television programs production. We have obtained the business license for publishing material (online retail). We have obtained the "Food Business License".

ANTI-CORRUPTION

In order to ensure honesty, loyalty and ethical behaviour of the employees, prevent corruption behavior such as bribery, blackmail and fraud, balance and safeguard the interests of the Group and its stakeholders, and establish long-term and solid relationships, the Group has a code of ethics and the Anti-corruption Management and Whistleblowing System in place to monitor the conduct and behaviour of all employees, senior management and Directors in daily operation in accordance with the "Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》)" and "Criminal Law of the People' s Republic of China (《中華人民共和國刑法》)". The Group also performs annual self-review process to reflect the implementation of codes and regulations to ensure the codes and systems have been applied throughout the actual operation and management practices. Through internal control as well as internal and external audit, the Group monitors corruption behaviours within the Group. The Anti-corruption Management and Whistleblowing System provide channels and guidelines to report any misconduct, malpractice or illegal behaviour within the Group. The electronic reporting mailbox and a hotline have been established, so that our employees and other persons who deal with the Company (such as customers and suppliers) may report any misconduct that they have identified. The Company also asks its employees for relevant comments through annual surveys. All reports will be treated in a cautious and confidential manner. The Audit Committee will double check and review the complaints and conduct investigations and handle the comments and report to the board of directors. Upon the completion of investigations, those employees found and proven to have committed corruption will be penalised or face immediate dismissal in accordance with the anti-corruption management requirements and corrective actions will be taken based on findings. Any corruption act that is in violation of any relevant laws or regulations will be reported to relevant government authorities. The Group has also developed and implemented whistleblowing protection system to ensure that all kinds of violations are reported openly and honestly without fear of retaliation or potential retaliation. During the Year, the Company has conducted anti-corruption and anti-fraud training on the above-mentioned relevant regulations and systems. The training was conducted both online and offline to ensure that all directors, senior management and employees complete the training and register for attendance.

The Group believes that a clean working environment depends on everyone working together. As far as the Group is aware, there was no material non-compliance with relevant standards, rules and regulations in 2024. Moreover, neither the Group nor its employees was involved in any litigation cases regarding corruption.

COMMUNITY INVESTMENT

The Group values harmonious and inclusive relationship between the Group and the community where it operates and maintains positive communication with the community and community partners. It regularly participates in conferences and investigations that are organised by the community and neighbourhood management department to ensure public welfare is considered by the Group during its business operation. The Group actively exercises its corporate social responsibility in various forms such as the provision of community services, organisation of public welfare activities and social donations. To establish long-term and effective community participation, we also take into account geographical factors, concerns of main stakeholders and synergy effects of our own resources. We formulate and implement the Public Welfare Project Management System which contains the approval process of public welfare projects organised by the Company and relevant requirements regarding security, compliance, transparency and effectiveness of project implementation. The Group treasures individual public welfare power and supports employees to participate in community volunteer activities and social public welfare affairs and integrates the resources of the Company to encourage more individuals to take part in those activities and affairs.

- **Labour Demand**

  The Group signed internship cooperation agreements with universities and colleges where we operate to help solve the internship and employment problems of local university and college students. In addition to providing healthy and safe internship environment for interns, we also arranged professionals within the Company to be their mentors in assisting them to conduct subject research and graduation project through practice. The Company was also invited by a university to provide professional topic lectures to their students.

- **Community Help**

  The Group proactively fulfills its responsibilities as a corporate citizen. In the process of participating in charitable activities, the Group also attaches importance to individual charity engagement. The Group supports employees to take part in social public welfare affairs and provides an organisational platform for more charity-caring people.

  In 2015, the Group set up the charity platform "Nurture with Love (育見愛)", aiming to allow more individuals to participate in organising charitable activities, provide assistance to disadvantaged mothers and infants, and send more positive energy to the society. Our employees and charity-caring people initiated a number of charitable activities, including charity sales, visits to children with special diseases, donation to welfare homes, guarding the COVID-19 patients activities through such platform.

  We organized the "Love Market" to give away idle mother-child products on the community platform. In this event, recyclable or brand-new mother-child products can be donated and received among community users according to their needs, so as to achieve the purpose of environmental protection and energy saving, and the Company provided postage subsidies for the event.

- **Education**

  Since 2010, the Group has launched and constantly maintained its charity channel, JG Web, which is a platform for providing teaching and learning resources to handicapped children. On the first anniversary of its listing, the Group set up the Asia Children's Charity Foundation (亞洲兒童慈善基金會), which aims at offering medical, education and vocational skills to Chinese and Asian children in need.

  The healthy growth of children is an important concern for the society. The Group has learned from helping children in difficulty that it is particularly important to provide spiritual care and character education to children, so that they can feel the care and love from all walks of life and build confidence, overcome difficulties and grow up healthily and happily.

- **Health**

  The Company attaches great importance to the health of its employees. By providing comprehensive physical examination services to all employees annually and establishing health record tracking management, it pays continuous attention to the physical and mental health of its employees.

PAN-CHINA
天健國際會計師事務所有限公司
Confucius International CPA Limited
Certified Public Accountants

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To the shareholders of China Parenting Network Holdings Limited
中國育兒網絡控股有限公司
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Parenting Network Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 88 to 163, which comprise the consolidated statement of financial position as at 31 December 2024, 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 and other explanatory information.

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The accompanying consolidated financial statements for the year ended 31 December 2024 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 3 to the consolidated financial statements which indicated that the Group incurred a net loss attributable to owners of the Company of approximately RMB5,281,000 for the year ended 31 December 2024, and as at the same date, the Group's current liabilities exceeded its current assets by approximately RMB20,412,000, and its total liabilities exceeded its total assets by approximately RMB5,516,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As explained in the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis. The directors, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our audit opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

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

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of unlisted equity securities designated at fair value through other comprehensive income ("FVTOCI") and unlisted equity securities measured at fair value through profit or loss ("FVTPL")	
The Group had investments in ordinary shares of certain unlisted companies. The Group classified these investments as equity securities designated at FVTOCI or measured at FVTPL. The Group engaged an independent qualified valuer to determine the fair value of these investments by applying valuation techniques. These valuation techniques, in particular those that included significant unobservable inputs, involved subjective judgements, estimations and assumptions. As at 31 December 2024, these investments were significant to the Group as they amounted to approximately RMB6,515,000 (2023: RMB45,849,000) and represented 15% (2023: 40%) of the total assets of the Group. We focused on this area because it requires significant judgements and estimations to determine the fair value of these investments and the amounts involved are material. Related disclosures of the above financial assets are included in notes 4, 16 and 36 to the consolidated financial statements.	We examined the terms and conditions of the relevant investment agreements. We obtained and inspected the valuation reports prepared by the valuer. We evaluated the valuer's competence, capabilities and objectivity. We evaluated the appropriateness of the valuation techniques, key assumptions and significant unobservable inputs adopted in valuation by the valuer to determine the fair value of these investments. We assessed the adequacy of the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

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 IFRSs 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 skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

Confucius International CPA Limited
Certified Public Accountants
Ho Pak Tat
Practising Certificate Number: P05215
Hong Kong
31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	5	**56,439**	57,444
Cost of sales		**(40,836)**	(54,943)
Gross profit		**15,603**	2,501
Other income, gains and losses	6	**10,532**	1,979
Selling and distribution expenses		**(4,987)**	(13,744)
Administrative expenses		**(12,443)**	(13,893)
Research and development costs	7	**(3,293)**	(8,615)
Impairment loss on financial and contract assets, net	7	**(2,646)**	(1,905)
Fair value changes of financial assets at fair value through profit or loss ("FVTPL")	7	**(3,141)**	(9,629)
Gain on reclassification of financial assets from amortised cost to FVTPL		**680**	–
Loss on extinguishment of financial liabilities by issue of shares		**–**	(347)
Finance costs	8	**(5,586)**	(4,798)
Loss before tax	7	**(5,281)**	(48,451)
Income tax credit	11	**–**	270
Loss for the year attributable to owners of the Company		**(5,281)**	(48,181)
Other comprehensive expense:			
Item that will not be reclassified to profit or loss in subsequent periods:			
Financial assets designated at fair value through other comprehensive income ("FVTOCI"):			
Changes in fair value		**(39,306)**	(27,115)
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(317)**	(297)
Other comprehensive expense for the year		**(39,623)**	(27,412)
Total comprehensive expense for the year attributable to owners of the Company		**(44,904)**	(75,593)
		RMB cents	RMB cents
Loss per share attributable to owners of the Company			
Basic and diluted	13	**(1.63)**	(19.74)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	14	**164**	161
Right-of-use assets	15(a)	**756**	582
Other receivables	20	**13,551**	232
Other financial assets	16	**844**	44,127
		15,315	45,102
Current assets			
Inventories	17	**16**	230
Trade receivables	18	**19,043**	6,676
Contract assets	19	**41**	2,314
Prepayments, deposits and other receivables	20	**1,982**	18,593
Other financial assets	16	**5,671**	5,549
Cash and cash equivalents	21	**2,758**	9,277
		29,511	42,639
Assets classified as held for sale	26	**–**	27,312
		29,511	69,951
Current liabilities			
Trade payables	22	**7,523**	5,170
Contract liabilities	23	**175**	3,569
Other payables and accruals	24	**15,518**	13,106
Lease liabilities	15(b)	**346**	703
Borrowings	25	**21,545**	37,747
Tax payable		**4,816**	5,598
		49,923	65,893
Liabilities associated with assets classified as held for sale	26	**–**	13,080
		49,923	78,973
Net current liabilities		**(20,412)**	(9,022)
Total assets less current liabilities		**(5,097)**	36,080
Non-current liabilities			
Lease liabilities	15(b)	**419**	–
NET (LIABILITIES) ASSETS		**(5,516)**	36,080

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Equity			
Share capital	27	**14,510**	11,891
Reserves		**(20,026)**	24,189
(CAPITAL DEFICIENCY) TOTAL EQUITY		**(5,516)**	36,080

The consolidated financial statements on pages 88 to 163 were approved and authorised for issue by the board of directors on 31 March 2025 and are signed on its behalf by:

Cheng Li
Director

Zhang Lake Mozi
Director

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium* RMB'000	Reserve fund* RMB'000	Other reserve* RMB'000	Convertible notes equity reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Fair value reserve of financial assets designated at FVTOCI* RMB'000	Share-based payment reserve* RMB'000	Accumulated losses* RMB'000	(Capital deficiency) total equity RMB'000
At 1 January 2023	8,090	224,688	19,960	16,842	222	19,833	(158,507)	–	(29,875)	101,253
Loss for the year	–	–	–	–	–	–	–	–	(48,181)	(48,181)
Other comprehensive expense for the year:										
Change in fair value of financial assets designated at FVTOCI	–	–	–	–	–	–	(27,115)	–	–	(27,115)
Exchange differences related to foreign operations	–	–	–	–	–	(297)	–	–	–	(297)
Total comprehensive expense for the year	–	–	–	–	–	(297)	(27,115)	–	(48,181)	(75,593)
Issue of new shares under subscription agreements	2,956	5,235	–	–	–	–	–	–	–	8,191
Issue of new shares under loan capitalisation agreement	845	1,384	–	–	–	–	–	–	–	2,229
Lapse of convertible notes	–	–	–	–	(222)	–	–	–	222	–
Release upon disposal of financial assets designated at FVTOCI	–	–	–	–	–	–	3,500	–	(3,500)	–
Release upon derecognition of financial assets designated at FVTOCI	–	–	–	–	–	–	1,371	–	(1,371)	–
At 31 December 2023	11,891	231,307	19,960	16,842	–	19,536	(180,751)	–	(82,705)	36,080
At 1 January 2024	**11,891**	**231,307**	**19,960**	**16,842**	**–**	**19,536**	**(180,751)**	**–**	**(82,705)**	**36,080**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,281)**	**(5,281)**
Other comprehensive expense for the year:										
Change in fair value of financial assets designated at FVTOCI	**–**	**–**	**–**	**–**	**–**	**–**	**(39,306)**	**–**	**–**	**(39,306)**
Exchange differences related to foreign operations	**–**	**–**	**–**	**–**	**–**	**(317)**	**–**	**–**	**–**	**(317)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**(317)**	**(39,306)**	**–**	**(5,281)**	**(44,904)**
Issue of new shares under placing agreement	**2,619**	**(1)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,618**
Capital contribution by equity holders	**–**	**–**	**–**	**29**	**–**	**–**	**–**	**–**	**–**	**29**
Release upon disposal of subsidiaries	**–**	**–**	**(2,506)**	**(5,000)**	**–**	**–**	**28,150**	**–**	**(20,644)**	**–**
Release upon disposal of financial assets designated at FVTOCI	**–**	**–**	**–**	**–**	**–**	**–**	**150**	**–**	**(150)**	**–**
Release upon derecognition of financial assets designated at FVTOCI	**–**	**–**	**–**	**–**	**–**	**–**	**94,700**	**–**	**(94,700)**	**–**
Share award arrangement	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**661**	**–**	**661**
Vesting of share held under the Share Award Plan	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(661)**	**661**	**–**
At 31 December 2024	**14,510**	**231,306**	**17,454**	**11,871**	**–**	**19,219**	**(97,057)**	**–**	**(202,819)**	**(5,516)**

* These reserve accounts comprise the negative consolidated reserves of approximately RMB20,026,000 (2023: consolidated reserves of approximately RMB24,189,000) in the consolidated statement of financial position.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Operating activities			
Loss before tax		**(5,281)**	(48,451)
Adjustments for:			
Depreciation of property, plant and equipment	14	**39**	50
Depreciation of right-of-use assets	15(a)	**1,291**	1,541
Finance costs	8	**5,586**	4,798
Impairment loss (reversal of impairment loss) on financial and contract assets, net:			
— Trade receivables	7	**(98)**	119
— Contract assets	7	**(13)**	317
— Financial assets included prepayments, deposits and other receivables	7	**2,757**	1,469
Bank interest income	6	**(48)**	(14)
Other interest income	6	**(940)**	(1,310)
Fair value changes of financial assets at FVTPL	7	**3,141**	9,629
Gain on termination of lease arrangement		**(14)**	–
Gain on reclassification of financial assets from amortised cost to FVTPL		**(680)**	–
Staff costs arising from interest-free loans to employees		**45**	270
Gain on disposal of a subsidiary	30(a)	**(4,858)**	–
Gain on deemed disposal of subsidiaries	30(b)	**(3,192)**	–
Loss on disposal of property, plant and equipment	6	**–**	54
Loss on write-off of property, plant and equipment	6	**18**	76
Loss on extinguishment of financial liabilities by issue of shares	27(v)	**–**	347
Share-based payment expenses	28	**661**	–
Operating cash flows before working capital changes		**(1,586)**	(31,105)
Decrease in inventories		**214**	957
(Increase) decrease in trade receivables		**(12,030)**	3,176
Decrease in contract assets		**2,286**	3,508
Decrease in prepayments, deposits and other receivables		**956**	6,891
Increase in trade payables		**2,489**	1,962
(Decrease) increase in contract liabilities		**(3,394)**	3,244
(Decrease) increase in other payables and accruals		**(488)**	2,451
Cash used in operations		**(11,553)**	(8,916)
Interest portion of lease payments		**(82)**	(62)
Net cash used in operating activities		**(11,635)**	(8,978)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Investing activities			
Interest received		**1,048**	14
Proceeds from disposal of property, plant and equipment		**–**	3
Purchase of property, plant and equipment	14	**(59)**	(7,080)
Repayment of loans from third parties		**660**	149
Repayment of loans from employees		**75**	1,544
Proceeds from disposal of financial assets designated at FVTOCI		**150**	1,500
Proceeds from derecognition of financial assets designated at FVTOCI		**–**	11
Issue of new shares under subscription agreements		**–**	8,191
Issue of new shares under placing agreement		**2,618**	–
Net cash inflow arising from disposal of a subsidiary	30(a)	**19,090**	–
Net cash outflow arising from deemed disposal of subsidiaries	30(b)	**(67)**	–
Capital contribution by equity holders		**29**	–
Net cash generated from investing activities		**23,544**	4,332
Financing activities			
Bank loans raised		**5,000**	17,500
Other borrowings raised		**912**	4,500
Repayment of bank loans		**(22,500)**	(13,500)
Repayment of other borrowings		**–**	(1,250)
Principal portion of lease payments		**(1,389)**	(1,126)
Interest paid		**(269)**	(608)
Net cash (used in) generated from financing activities		**(18,246)**	5,516
Net (decrease) increase in cash and cash equivalents		**(6,337)**	870
Cash and cash equivalents at beginning of the year		**9,277**	8,555
Effect on foreign exchange rate changes, net		**(182)**	(148)
Cash and cash equivalents at end of the year	21	**2,758**	9,277

The accompanying notes are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

China Parenting Network Holdings Limited (the "Company") was incorporated in the Cayman Islands on 13 October 2014 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands and its shares are listed in the Main Board of The Stock Exchange (the "Stock Exchange"). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong has been changed from Room 1905, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong to Unit 2, 7/F, Royal Commercial Centre, No. 56 Parkes Street, Jordan, Kowloon, Hong Kong since 1 July 2024.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively, the "Group") are principally engaged in (i) the provision of marketing and promotional services through the Group's platform, including CI Web, mobile CI Web, Mobile Application Software ("APPs") and IPTV APPs and (ii) sale of goods in the People Republic of China (the "PRC").

Information about subsidiaries

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

Company name	Place/ date of incorporation/ registration	Issued/ registered share capital	Equity interest held		Principal activities and place of operation
			Direct	Indirect	
Directly held by the company					
Shining World Investments Limited (note (i))	British Virgin Islands ("BVI")/18 August 2014	United States dollars ("US$") 50,000	100%	–	Investment holding, BVI
Indirectly held by the Company					
Star Universal Holdings Limited	Hong Kong/ 5 September 2014	Hong Kong dollars ("HK$") 10,000	–	100%	Investment holding, Hong Kong
Xibai (Naijing) Information Technology Company Limited ("Naijing Xibai") (notes (ii) and (iii))	The PRC/ 10 December 2014	HK$218,000,000	–	100%	Technical support and consultancy related services, the PRC
Nanjing Yiran Information Technology Company Limited ("Nanjing Yiran") (notes (ii) and (iii))	The PRC/ 30 December 2024	HK$2,000,000	–	100%	Technical support and consultancy related services, the PRC

1. GENERAL INFORMATION (CONTINUED)

Information about subsidiaries (continued)

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

Company name	Place/ date of incorporation/ registration	Issued/ registered share capital	Equity interest held Direct	Equity interest held Indirect	Principal activities and place of operation
Indirectly held by the Company (Continued)					
Nanjing Xinchuang Micro Electromechanical Technology Company Limited ("Naijing Xinchuang") (notes (ii) and (iv))	The PRC/ 14 April 2005	Renminbi ("RMB") 2,000,000	–	100%	Provision of marketing and promotional services and e-commerce business, the PRC
Nanjing Yilaoyixiao Information Technology Company Limited ("Nanjing Yilaoyixiao") (notes (ii), (iv) and (v))	The PRC/ 27 September 2024	RMB1,000,000	–	100%	Provision of marketing and promotional services and technical support and consultancy related services, the PRC
Nanjing Xihui Information Technology Company Limited ("Nanjing Xihui") (notes (ii) and (iv))	The PRC/ 24 May 2013	RMB5,000,000	–	–	Provision of marketing and promotional services and technical support and consultancy related services, the PRC
Nanjing Xirui Information Technology Company Limited ("Nanjing Xirui") (notes (ii) and (iv))	The PRC/ 16 February 2022	RMB5,000,000	–	–	Provision of marketing and promotional services and e-commerce business, the PRC

Notes:

(i) As at 31 December 2024 and 2023, the Group has unpaid portion of registered share capital of US$50,000 (equivalent to approximately RMB365,000) (2023: US$50,000 (equivalent to approximately RMB354,000) for injection into Shining World.

(ii) The English names of companies incorporated in the PRC referred to herein represent management's best effort at translating the Chinese names of these companies as no English name has been registered.

(iii) Nanjing Xibai and Nanjing Yiran are Wholly Foreign Owned Enterprise established in the PRC. As at 31 December 2024, the Group has unpaid potion of registered share capital HK$2,000,000 (equivalent to approximately RMB1,852,000) for injection into Nanjing Yiran.

(iv) Nanjing Xihui, Nanjing Xirui, Nanjing Xinchuang and Nanjing Yilaoyixiao (the "PRC Operating Entities") are limited liability companies established in the PRC and included in the Group's consolidated financial statements as if they are the Group's subsidiaries through the contractual arrangement outlined in the directors' report. During the year ended 31 December 2024, the Group ceased to have its control over Nanjing Xihui and Nanjing Xirui due to the termination of the contractual arrangements, details in relation to the termination of contractual arrangements are set out in the note 30 to the consolidated financial statements and the Company's announcement dated 15 November 2024.

(v) As at 31 December 2024, the Group has unpaid potion of registered share capital RMB970,800 for injection into Nanjing Yilaoyixiao.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

The application of amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

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

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRSs mentioned below, the directors of the Company anticipate that the application of all the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

Amendments to IFRSs that are mandatorily effective for the current year (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18"), which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements ("IAS 1"). This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provides disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosure. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

These consolidated financial statements have been prepared in accordance with IFRSs (which include all IFRSs, IASs and Interpretations) issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value. These financial statements are presented in RMB, and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

The Group incurred a net loss attributable to owners of the Company of approximately RMB5,281,000 for the year ended 31 December 2024, and as at the same date, the Group's current liabilities exceeded its current assets by approximately RMB20,412,000 and its total liabilities exceeded its total assets by approximately RMB5,516,000.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Going concern basis (continued)

For the assessment of the going concern, the directors of the Company are of the opinion that the Group would be able to continue as going concern as the Group has sufficient financial resources to support the operation of the Group in the foreseeable future, after taking into consideration the following:

(a) A shareholder of the Company ("Shareholder A"), who is also the executive director of the Company, has granted a loan facility to the Group and undertaken to provide adequate funds to enable the Group to meet its liabilities and to pay financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the twelve months from the date of this report. Up to the date of this report, the loan facility has not been utilised under the arrangement;

(b) The Group has approximately RMB21,545,000 of other borrowings which are repayable on demand or within one year and approximately RMB12,472,000 of relevant interest payables and extension fee payables included in other payables and accruals as at 31 December 2024, in which approximately RMB18,369,000 of other borrowings and approximately RMB11,547,000 of relevant interest payables and extension fee payables, totaling to approximately RMB29,916,000 are owed to a shareholder of the Company ("Shareholder B"). Taking into account that most of these debts are owed to Shareholder B, and Shareholder B had agreed to engage in negotiations for debt restructuring including, but not limited to, loan capitalisation, the directors of the Company believe that Shareholder B will not exercise its discretionary rights to demand immediate repayment of such debts. The directors of the Company are in the opinion that Shareholder B is willing to accept the debt restructuring proposed by the Group;

(c) Pursuant to the debts mentioned in (b), the remaining other borrowing of approximately RMB3,176,000 and relevant interest payables and extension fee payables included in other payables and accruals of approximately RMB925,000 as at 31 December 2024, totaling to approximately RMB4,101,000 are owed to two independent lenders. Taking into account that these lenders agreed to engage in negotiations for debt restructuring including, but not limited to, loan capitalisation, the directors of the Company believe that these lenders will not exercise its discretionary rights to demand immediate repayment of such debts upon the maturity date. The directors of the Company are in the opinion that the lenders are willing to accept the debt restructuring proposed by the Group;

(d) The Group proposed to dispose of an indirectly wholly-owned subsidiary subsequent to the reporting date, where the directors of the Company believe that the proposed disposal will strengthen the cash flow of the Group and allow the Group to improve its liquidity since the net proceeds from the proposed disposal will be used as the Group's general working capital, details of which are set out in the Company's announcement dated 20 February 2025;

(e) The directors of the Company will strengthen and implement measures aimed at improving the working capital and cash flow of the Group, including closely monitoring the general administrative expenses and operating costs; and

(f) The Group will seek to obtain additional new financial support including but not limited to borrowing loans, issuing additional equity or debt securities.

In view of the above measures, the directors are of the opinion that the Group will have adequate funds to meet its liabilities as and when they fall due for at least twelve months from the date of this report.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full consolidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition

Revenue from contracts with customers

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

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.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e., only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group derives its revenue from (i) the provision of marketing and promotional services of placing online advertisements such as banners, links and logos; and (ii) sale of goods in the PRC. The revenue reported in the financial statements is net of sales tax and related surcharges.

Provision of service

The majority of the online advertising contracts are entered into with a lump-sum consideration covering multiple deliverables of marketing and promotional services for a fixed period with no guaranteed minimum number of clicks. The lump-sum consideration for and timing of rendering each deliverable has been pre-agreed and evidenced by written contracts entered between the Group and its customers. The consideration is allocated into each deliverable based on their best estimated selling price, and the related revenue is recognised over the period during which the service for the relevant deliverable is provided. Significant assumptions and estimates have been made in estimating the selling price of each unit of deliverable, and changes in judgements on these assumptions and estimates could materially impact the timing of advertising revenue recognition. In all contracts, there are no future obligations after the completion of the contract and no rights of refund related to the number of clicks. If collectability from the customers cannot be assessed as reasonably assured at the outset of the contracts, revenue is only recorded until cash is received from the customers.

Revenue from the provision of marketing and promotional services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

Sale of goods

Sale of goods related to children, babies and maternity. Revenue is recognised at the point when control of the asset is transferred to the customer, generally on delivery of the products. Prepayment is normally required prior to delivery of products.

Interest 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.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such a contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements will not differ materially from individual leases within the portfolio.

The Group as lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to 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 to the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (continued)

The Group as lessee (continued)

Right-of-use assets

The cost of right-of-use assets include:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

Buildings	3 years

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid on that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (continued)

The Group as lessee (continued)

Lease liabilities (continued)

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

Lease modifications

The Group accounts for lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the exchange fluctuation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period 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 recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gain or loss".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in the PRC 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.

Termination benefits

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

Share-based payments

Equity-settled share-based payment transactions

Shares/Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share -based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in the share-based payments reserve will be transferred to accumulated losses. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share-based payments reserve will be transferred to accumulated losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis on the following bases:

Office equipment	3–5 years
Computers and servers	3–5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories 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.

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) 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

- cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all the estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent assets/liabilities

Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and they are not recognised in the consolidated financial statements. The Group assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Group recognises the asset and the related income in the consolidated financial statements in the reporting period in which the change occurs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Contingent assets/liabilities (continued)

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI, and FVTPL.

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 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 FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, 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 FVTPL, 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 FVTOCI 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 FVTPL.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at amortised cost

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 designated at FVTOCI (equity investments)

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

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at FVTOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets at FVTPL are carried out 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 equity investments which the Group had not irrevocably elected to classify at FVTOCI. Dividends on equity investments classified as financial assets at FVTPL are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investments and other financial assets (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 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 financial assets at amortised cost. 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 flow will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of financial assets (continued)

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow.

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

- Stage 1: Financial instruments for which credit risk has not increased significantly since initial recognition and for which the impairment loss 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 impairment loss 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 impairment loss is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk but instead recognises an impairment loss 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial liabilities

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, lease liabilities and borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Fair value measurement

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

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

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern consideration

The directors of the Company have prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the foreseeable future, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgment by the directors about the future outcome of events or conditions which are inherently uncertain. The directors consider that, after taking into account of all major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption as set out in note 3 to the consolidated financial statements, the Group has the capability to continue as a going concern.

Contractual arrangements

As set out in note 1(iv), the Group exercises control over the PRC Operating Entities and enjoys substantially all economic benefits and is exposed to risk of the PRC Operating Entities 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 consolidated financial statements during the years.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

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

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision matrix is initially based on the Group's historical observed default rates. The provision rates are based on the days past due to groupings of various customer segments that have similar loss patterns. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historically 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 customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is set out in notes 18, 19 and 38 to the consolidated financial statements.

Provision for expected credit losses on other financial assets at amortised costs

The measurement of impairment loss of ECLs on other financial assets at amortised costs requires judgement and estimation on the amount and timing of future cash flows with, in particular, assessment of the collateral values and a significant increase in credit risk. During the judgement process, the allowance of ECLs on other financial assets at amortised costs is assessed on 12-month ECL basis as there has been no significant increase in credit risk since initial recognition unless there has been a significant increase in credit risk of the receivables, in which case the impairment loss is measured at an amount equal to lifetime ECL. In measuring whether the credit risk of receivables has increased significantly, the management of the Group has taken into accounts the occurrence of default event and aging of overdue receivables with recurrent assessment of adjusted collateral values for the recovery and both the current and forecast general economic conditions.

The provision of ECLs is sensitive to changes in estimates. The information about the ECLs and the Group's other financial assets at amortised costs is set out in notes 20 and 37 to the consolidated financial statements.

Determining the best estimate of the selling price of each deliverable within the contracts

The Company established a standard price menu for each deliverable of its marketing and promotional services (i.e., full banner, banner, button, multi-flip and couplet) and discounts were always given by the Company. The price menu was set up based on historical experience and was reviewed and updated annually. The Company has used the listed price on the price menu as a relative selling price of each deliverable to allocate the total consideration within the contracts. In making this estimate, the Group considers all the reasonably available information, including both market data and conditions and entity-specific factors, when estimating the selling price of each deliverable. The Group considers all the factors considered in the negotiation of arrangement with customers and its normal pricing practices are based on the most objective and reliable information that is available. The price menu is adjusted each year and accordingly the estimated selling price of each deliverable changes annually. Historically, there is no significant subsequent adjustment of the revenue due to a change in the estimated selling price because the listed prices of most of the deliverables are adjusted to a similar extent and the relative selling prices do not change significantly.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Estimates of income tax

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional tax will be due. Where the final tax outcomes of these matters are different from the amount that was initially recorded, such differences will impact the current income tax and liabilities in the period in which such determination is made.

Fair value of financial instruments

The Group has a significant amount of financial assets, including unlisted equity securities and convertible loans to third parties which measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Details of fair value of financial assets are set out in note 16 to the consolidated financial statements. The information about the valuation techniques is set out in note 36 to the consolidated financial statements.

Deferred taxes

As at 31 December 2024 and 2023, the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB156,090,000 (2023: RMB139,127,000) and other deductible temporary differences of approximately RMB149,419,000 (2023: RMB207,780,000) as it is not probable that future taxable profits against which the temporary differences can be utilised will be available in the relevant tax jurisdiction of the entities.

At 31 December 2024 and 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, the Group's fund will be retained in the PRC for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with the investments in the PRC for which deferred tax liabilities have not been recognised totally approximately RMB88,372,000 at 31 December 2024 (2023: RMB129,831,000).

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue from contracts with customers

The Group is principally engaged in the provision of marketing and promotional services through the Group's platform and sale of goods.

(i) Disaggregation of revenue

Revenue of the Group are all from contracts with customers within the scope of IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). The amount of each significant category of revenue is as follows:

	2024 **RMB'000**	2023 RMB'000
Marketing and promotional services	**50,120**	26,691
Sale of goods	**6,319**	30,753
	56,439	57,444

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

Contracts with provision of marketing and promotional services customers always have an original expected duration of less than one year. Contracts with individual customers for sales of goods are always satisfied within one month.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 and therefore the information about remaining performance obligations is not disclosed for contracts that have an original expected duration of one year or less.

(b) Segment information

The Group determines its operating segments based on internal reports reviewed by the chief operating decision makers, which are the executive directors of the Company, for the purpose of allocating resources to the segments and to assess their performance.

The Group's reportable and operating segments have been identified as follows:

(i) Marketing and promotional services; and

(ii) Sale of goods

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

The amount of each significant category of revenue recognised during the reporting period is as follows:

	For the year ended 31 December 2024		
	Marketing and promotional services RMB'000	Sales of goods RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition			
Over time	**50,120**	**–**	**50,120**
Point in time	**–**	**6,319**	**6,319**
Segment revenue	**50,120**	**6,319**	**56,439**
Segment results	**15,576**	**27**	**15,603**

	For the year ended 31 December 2023		
	Marketing and promotional services RMB'000	Sales of goods RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition			
Over time	26,691	–	26,691
Point in time	–	30,753	30,753
Segment revenue	26,691	30,753	57,444
Segment results	2,160	341	2,501

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

	2024 RMB'000	2023 RMB'000
Segment results	**15,603**	2,501
Unallocated		
Other income, gains and losses	**10,532**	1,979
Selling and distribution expenses	**(4,987)**	(13,744)
Administrative expenses	**(12,443)**	(13,893)
Research and development costs	**(3,293)**	(8,615)
Impairment loss on financial and contract assets, net	**(2,646)**	(1,905)
Fair value changes of financial assets at FVTPL	**(3,141)**	(9,629)
Gain on reclassification of financial assets from amortised cost to FVTPL	**680**	–
Loss on extinguishment of financial liabilities by issue of shares	**–**	(347)
Finance costs	**(5,586)**	(4,798)
Loss before tax	**(5,281)**	(48,451)

Segment results during the year represents the gross profit of each segment without allocation of other income, gains and losses, selling and distribution expenses, administrative expenses, research and development costs, impairment loss on financial and contract assets, net, fair value changes of financial assets at FVTPL, gain on reclassification of financial assets from amortised cost to FVTPL, loss on extinguishment of financial liabilities by issue of shares and finance costs. This is the measure reported to the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

No segment assets and segment liabilities and other segment information are presented as such amounts are not reviewed by the Group's chief operating decision makers for the purpose of resource allocation and performance assessment or otherwise regularly provided to the Group's chief operating decision makers.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

Geographical information

The Group's operations are principally located in Hong Kong and the PRC. The following table provides an analysis of the Group's revenue from external customers by geographical region in which the operations are located:

	Marketing and promotional services		Sales of goods		Total	
	2024	2023	**2024**	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Geographical region:						
— Hong Kong	**14,588**	4,556	**–**	–	**14,588**	4,556
— PRC	**35,532**	22,135	**6,319**	30,753	**41,851**	52,888
	50,120	26,691	**6,319**	30,753	**56,439**	57,444

The following is an analysis of the carrying amounts of non-current assets (excluding financial instruments) by geographical area in which the assets are located:

	2024	2023
	RMB'000	RMB'000
Hong Kong	**18**	600
PRC	**14,453**	375
	14,471	975

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2024	2023
	RMB'000	RMB'000
Customer A[1]	**N/A***	11,999
Customer B[2]	**–**	15,238
Customer C[1]	**11,555**	–
Customer D[1]	**10,896**	–

1 Revenue from marketing and promotional services.

2 Revenue from sale of goods.

* Less than 10% of the Group's revenue in the respective years.

6. OTHER INCOME, GAINS AND LOSSES

	2024	2023
	RMB'000	RMB'000
Bank interest income	**48**	14
Other interest income	**940**	1,310
Government grants (note)	**880**	456
Foreign exchange loss, net	**–**	(41)
Loss on disposal of property, plant and equipment	**–**	(54)
Loss on write-off of property, plant and equipment	**(18)**	(76)
Gain on disposal of a subsidiary (note 30(a))	**4,858**	–
Gain on deemed disposal of subsidiaries (note 30(b))	**3,192**	–
Sundry income	**632**	370
	10,532	1,979

Note:

During the years ended 31 December 2024 and 2023, the government grants were received from the government of the PRC mainly for rental subsidies and to encourage the Group's efforts on development and innovation, respectively. There are no unfulfilled conditions or contingencies relating to the grants.

7. LOSS BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold		**6,292**	30,412
Cost of services provided		**34,544**	24,531
Depreciation of property, plant and equipment	14	**39**	50
Depreciation of right-of-use assets	15(a)	**1,291**	1,541
Research and development costs:			
Current year expenditure		**3,293**	8,615
Auditor's remuneration		**1,000**	1,480
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**5,375**	10,417
Share-based payments expenses	28	**661**	–
Pension scheme contributions (defined contribution scheme)		**685**	1,042
Impairment loss (reversal of impairment loss) on financial and contract assets, net:			
— Trade receivables	18	**(98)**	119
— Contract assets	19	**(13)**	317
— Financial assets included in prepayments, deposits and other receivables	20	**2,757**	1,469
Fair value changes of financial assets at FVTPL		**3,141**	9,629
Foreign exchange loss, net	6	**–**	41

8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Effective interest on convertible notes	**–**	475
Interest on bank loans	**248**	604
Interest on other borrowings	**5,256**	3,657
Interest on lease liabilities	**82**	62
	5,586	4,798

9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance are as follows:

	2024 RMB'000	2023 RMB'000
Fees	**720**	267
Other emoluments:		
Salaries, allowances and benefits in kind	**779**	1,158
Discretionary bonus	**–**	–
Pension scheme contributions	**67**	82
	846	1,240
	1,566	1,507

(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. Zhao Zhen	**91**	90
Mr. Ge Ning (note (i))	**84**	90
Mr. Manley Poon	**91**	65
Ms. Nicole Huang Meng Ting (note (ii))	**7**	–
Mr. Wu Chak Man (note (iii))	**–**	22
	273	267

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

Notes:

(i) Mr. Ge Ning resigned as independent non-executive director on 5 December 2024.

(ii) Ms. Nicole Huang Meng Ting was appointed as independent non-executive director on 5 December 2024.

(iii) Mr. Wu Chak Man resigned as independent non-executive director on 13 April 2023.

9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (CONTINUED)

(b) Executive directors and non-executive directors

For the year ended 31 December 2024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonus RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. Cheng Li (note (i))	–	497	–	67	564
Mr. Zhang Lake Mozi	–	252	–	–	252
Mr. Lin Luofeng (note (ii))	–	–	–	–	–
Ms. Ng Kwok Ying Isabella (note (iii))	–	–	–	–	–
Non-executive directors:					
Ms. Song Yuanyuan (note (iv))	447	–	–	–	447
Mr. Zhang Haihua	–	–	–	–	–
Ms. Li Juan (note (v))	–	30	–	–	30
	447	779	–	67	1,293

For the year ended 31 December 2023

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonus RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. Cheng Li (note (i))	–	493	–	67	560
Mr. Zhang Lake Mozi	–	336	–	–	336
Mr. Lin Luofeng	–	–	–	–	–
Ms. Ng Kwok Ying Isabella	–	20	–	2	22
Non-executive directors:					
Mr. Zhang Haihua	–	–	–	–	–
Ms. Li Juan	–	30	–	–	30
Mr. Wu Haiming (note (vi))	–	279	–	13	292
	–	1,158	–	82	1,240

9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (CONTINUED)

(b) Executive directors and non-executive directors (continued)

Notes:

(i) Mr. Cheng Li is also the chief executive officer.

(ii) Mr. Lin Luofeng was resigned as an executive director on 13 June 2024.

(iii) Ms. Ng Kwok Ying Isabella was resigned as an executive director on 13 June 2024.

(iv) Ms. Song Yuanyuan was appointed as a non-executive director on 28 March 2024.

(v) Ms. Li Juan was resigned as a non-executive director on 28 March 2024.

(vi) Mr. Wu Haiming resigned as an non-executive director on 9 August 2023.

During the years ended 31 December 2024 and 2023, no director waived or agreed to waive any emoluments. No emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2023: two directors), details of whose remuneration are set out in note 9 to the consolidated financial statements. Details of the remuneration for the year of the remaining two (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries, allowances and benefits in kind	**520**	1,337
Discretionary bonus	**–**	–
Pension scheme contributions	**37**	81
	557	1,418

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

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

During the reporting period, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX CREDIT

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

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

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the years ended 31 December 2024 and 2023.

Under the relevant income tax law, the subsidiaries in the PRC are subject to income tax at a statutory rate of 25% on their respective taxable income.

The income tax credit of the Group is analysed as follows:

	2024 RMB'000	2023 RMB'000
Over-provision in respect of prior years		
— PRC Enterprise income tax	–	(270)

The taxation for the years can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2024 RMB'000	2023 RMB'000
Loss before tax	(5,281)	(48,451)
Tax calculated at the PRC statutory tax rate of 25%	(1,320)	(12,113)
Lower tax rates for specific provinces or enacted by local authority	481	774
Income not subject to tax	(2,065)	(311)
Expenses not deductible for tax	2,197	4,508
Over-provision in respect of prior years	–	(270)
Tax losses not recognised	13,238	7,454
Tax effect of unrecognised temporary differences	–	(307)
Utilisation of tax losses previously not recognised	(12,531)	(5)
Tax credit for the year	–	(270)

As at 31 December 2024 and 2023, the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB156,090,000 (2023: RMB139,127,000) and other deductible temporary differences of approximately RMB149,419,000 (2023: RMB207,780,000) as it is not probable that future taxable profits against which the temporary differences can be utilised will be available in the relevant tax jurisdiction of the entities. Except for the tax losses of approximately RMB141,300,000 (2023: RMB117,829,000) will expire within 5 years, the remaining tax losses of approximately RMB14,790,000 (equivalent to approximately HK$15,971,000) (2023: RMB21,298,000 (equivalent to approximately HK$23,503,000)) have no expiry date under the current tax legislation.

11. INCOME TAX CREDIT (CONTINUED)

At 31 December 2024 and 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, the Group's fund will be retained in the PRC for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with the investments in the PRC for which deferred tax liabilities have not been recognised totally approximately RMB88,372,000 as at 31 December 2024 (2023: RMB129,831,000).

12. DIVIDENDS

The board of the directors do not recommend the payment of any dividend in respect of the years ended 31 December 2024 and 2023.

13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2024 RMB'000	2023 RMB'000
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(5,281)**	(48,181)

	Number of shares 2024 '000	 2023 '000
Number of shares		
Weighted average number of ordinary shares	**324,098**	244,100

There were no potential ordinary shares in issue during the years ended 31 December 2024 and 2023, and therefore the diluted loss per share is same as the basic loss per share.

14. PROPERTY, PLANT AND EQUIPMENT

	Office equipment RMB'000	Computer and servers RMB'000	Construction in progress RMB'000	Total RMB'000
Cost				
At 1 January 2023	313	2,497	14,734	17,544
Additions	11	7	7,062	7,080
Disposal	(166)	(356)	–	(522)
Write-off	(11)	(92)	–	(103)
Reclassified as held for sale	–	–	(21,796)	(21,796)
Exchange realignment	–	5	–	5
At 31 December 2023 and 1 January 2024	**147**	**2,061**	**–**	**2,208**
Additions	**59**	**–**	**–**	**59**
Write-off	**(14)**	**(292)**	**–**	**(306)**
Exchange realignment	**–**	**8**	**–**	**8**
At 31 December 2024	**192**	**1,777**	**–**	**1,969**
Depreciation and impairment				
At 1 January 2023	285	2,199	–	2,484
Depreciation provided for the year (note 7)	9	41	–	50
Disposal	(159)	(306)	–	(465)
Write-off	(11)	(16)	–	(27)
Exchange realignment	–	5	–	5
At 31 December 2023 and 1 January 2024	**124**	**1,923**	**–**	**2,047**
Depreciation provided for the year (note 7)	**20**	**19**	**–**	**39**
Write-off	**(9)**	**(279)**	**–**	**(288)**
Exchange realignment	**–**	**7**	**–**	**7**
At 31 December 2024	**135**	**1,670**	**–**	**1,805**
Carrying amount				
At 31 December 2024	**57**	**107**	**–**	**164**
At 31 December 2023	23	138	–	161

15. LEASES

The Group as a lessee

(a) *Right-of-use assets*

	Buildings RMB'000	Land use rights RMB'000	Total RMB'000
At 1 January 2023	2,000	5,178	7,178
Depreciation provided for the year (note 7)	(1,434)	(107)	(1,541)
Reclassified as held for sale	–	(5,071)	(5,071)
Exchange realignment	16	–	16
At 31 December 2023 and 1 January 2024	**582**	**–**	**582**
Addition	**2,541**	**–**	**2,541**
Depreciation provided for the year (note 7)	**(1,291)**	**–**	**(1,291)**
Termination of lease arrangement	**(1,080)**	**–**	**(1,080)**
Exchange realignment	**4**	**–**	**4**
At 31 December 2024	**756**	**–**	**756**

The Group leases various items of land and buildings used in its operations with lease term ranging from 3 years to 50 years. Generally, the Group is restricted for assigning and subleasing the leased assets outside the Group. There are no lease contracts that include extension and termination options and variable lease payments.

(b) *Lease liabilities*

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

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**703**	1,810
New lease entered	**2,541**	–
Finance costs	**82**	62
Lease payments	**(1,471)**	(1,188)
Termination of lease arrangement	**(1,094)**	–
Exchange realignment	**4**	19
Carrying amount at 31 December	**765**	703
Analysed into:		
Non-current portion	**419**	–
Current portion	**346**	703
	765	703

The incremental borrowing rates applied to lease liabilities range from 3.70% to 5.00% (2023: from 4.65% to 5.00%).

15. LEASES (CONTINUED)

The Group as a lessee (continued)

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

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**82**	62
Depreciation of right-of-use assets	**1,291**	1,541
Expenses related to short-term leases	**227**	102
Total amount recognised in profit or loss	**1,600**	1,705

16. OTHER FINANCIAL ASSETS

	Notes	2024 RMB'000	2023 RMB'000
Financial assets designated at FVTOCI			
— Unlisted equity securities	(i)	**844**	40,300
Financial assets at FVTPL			
— Unlisted equity securities	(ii)	**5,671**	5,549
— Convertible loan to a third party	(iii)	**–**	3,827
		6,515	49,676
Analysed into:			
— Non-current portion		**844**	44,127
— Current portion		**5,671**	5,549
		6,515	49,676

Details of fair value measurement are set out in note 36 to the consolidated financial statements.

16. OTHER FINANCIAL ASSETS (CONTINUED)

Notes:

(i) As at 31 December 2024 and 2023, certain equity securities as shown in following table were designated as financial assets at FVTOCI. These equity securities are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

	2024 RMB'000	2023 RMB'000
Nanjing Jufeng Engine Information Technology Company Limited*	240	10,684
Nanjing Xianju Information Technology Co., Ltd.*	–	4,424
Guangzhou Baxianguohai Information Technology Co., Ltd.*	–	4,143
Nanjing Liqi Information Technology Co., Ltd.*	180	1,676
Nanjing Baicheng Medical Technology Company Limited*	115	1,014
Others	309	18,359
	844	40,300

At the end of the reporting period, no dividends were received on these equity securities (2023: Nil).

* The English names referred herein represent management's best effort at translating from the official Chinese names of these companies for identification purposes as no English names have been registered.

(ii) The financial asset at FVTPL represents the unlisted equity securities, which contain put option in which the Group has a right to request investees to repurchase the equity shares in certain situations including investees' failure in meeting specific profits guarantee or developing specific techniques, fundamental change in investees' principal activities and/or investees and original shareholders violated integrity and damaged the investees interest. The put option expired during the year ended 31 December 2024.

	2024 RMB'000	2023 RMB'000
CCLOUD TECH LIMITED	5,671	5,549

(iii) As at 31 December 2023, the balance represents loan measured at fair value of approximately RMB3,827,000 made to a private company, namely Beijing Hongwei Technology Company Limited* (北京宏偉科技有限公司) ("Beijing Hongwei"). The Group has the option to convert the loans into equity shares of Beijing Hongwei. During the year ended 31 December 2024, the management of the Group decided to forfeit its right to convert the loans into the equity shares of Beijing Hongwei, accordingly, the loan to Beijing Hongwei was reclassified from financial assets at FVTPL to other receivables included in prepayments, deposits and other receivables.

* The English names referred herein represent management's best effort at translating from the official Chinese names of these companies for identification purposes as no English names have been registered.

17. INVENTORIES

	2024 RMB'000	2023 RMB'000
Finished goods at cost	16	230

18. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**19,102**	10,133
Less: Impairment allowance	**(59)**	(3,457)
	19,043	6,676

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 to 180 days after date of invoices, depending on contracts with individual customers.

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

	2024 RMB'000	2023 RMB'000
Within 3 months	**18,080**	3,444
3 to 6 months	**344**	2,112
6 months to 1 year	**22**	324
1 to 2 years	**597**	796
	19,043	6,676

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

	2024 RMB'000	2023 RMB'000
At beginning of the year	**3,457**	3,338
(Reversal of) provision for impairment loss, net (note 7)	**(98)**	119
Write-off	**(3,300)**	–
At end of the year	**59**	3,457

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 past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

18. TRADE RECEIVABLES (CONTINUED)

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

As at 31 December 2024

	Expected credit loss rate %	Gross carrying amount RMB'000	Expected credit loss RMB'000	Net carrying amount RMB'000
Current (not past due)	**0.24**	**18,469**	**(44)**	**18,425**
Within 6 months past due	**–**	**–**	**–**	**–**
More than 6 months but less than 12 months past due	**1.84**	**22**	**(1)**	**21**
More than 12 months past due	**2.39**	**611**	**(14)**	**597**
		19,102	**(59)**	**19,043**

As at 31 December 2023

	Expected credit loss rate %	Gross carrying amount RMB'000	Expected credit loss RMB'000	Net carrying amount RMB'000
Current (not past due)	0.17	5,890	(10)	5,880
Within 6 months past due	–	–	–	–
More than 6 months but less than 12 months past due	–	–	–	–
More than 12 months past due	81.25	4,243	(3,447)	796
		10,133	(3,457)	6,676

Two credit-impaired debtors with aggregate gross carrying amount of RMB3,426,000 were assessed individually as at 31 December 2023, in which a debtor with gross carrying amount of RMB3,300,000 has been written off and another debtor with gross carrying amount of RMB126,000 has been settled during the year ended 31 December 2024.

Further details on the Group's credit policy are set out in note 37 to the consolidated financial statements.

19. CONTRACT ASSETS

	2024 RMB'000	2023 RMB'000
Contract assets arising from marketing and promotional services	**360**	3,170
Less: Impairment allowance	**(319)**	(856)
	41	2,314

As at 1 January 2023, contract assets amounted to approximately RMB6,678,000.

Contract assets are initially recognised for revenue earned from the marketing and promotional services as the receipt of consideration is conditional on successful completion of services. Included in contract assets for marketing and promotional services are retention receivables. Upon completion of services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Details on the Group's credit policy are set out in note 37 to the consolidated financial statements.

The expected timing of recovery or settlement for contract assets as at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**41**	2,314

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

	2024 RMB'000	2023 RMB'000
At beginning of the year	**856**	539
(Reversal of) provision for impairment loss, net (note 7)	**(13)**	317
Write-off	**(524)**	–
At end of the year	**319**	856

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

19. CONTRACT ASSETS (CONTINUED)

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

	2024 %	2023 %
Expected credit loss rate	**88.61**	27.00
	RMB'000	RMB'000
Gross carrying amount	**360**	3,170
Expected credit losses	**319**	856

A credit-impaired debtor with a gross amount of RMB319,000 was assessed individually as at 31 December 2024 and 2023.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2024 RMB'000	2023 RMB'000
Advance payments to suppliers		**280**	1,230
Prepayments		**17**	457
Deposits		**467**	1,047
Other receivables	(i)	**23,512**	16,630
Loans to employees	(ii)	**–**	840
Loans to third parties	(iii)	**361**	256
		24,637	20,460
Less: Impairment allowance		**(9,104)**	(1,635)
		15,533	18,825
Analysed into:			
— Non-current portion		**13,551**	232
— Current portion		**1,982**	18,593
		15,533	18,825

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

The movements in the impairment allowance of other receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of the year	**1,635**	166
Recognised for credit-impaired	**6,252**	–
Derecognised	**(1,540)**	–
Provision for impairment loss, net (note 7)	**2,757**	1,469
At end of the year	**9,104**	1,635

Notes:

(i) Included in other receivables of approximately RMB1,085,000 was the other tax receivables as at 31 December 2024.

Included in other receivables of approximately RMB16,048,000 (2023: RMB16,326,000) was a loan receivable, comprised of the outstanding principal of RMB12,000,000 (2023: RMB12,000,000) and its accumulated interest receivables of approximately RMB4,048,000 (2023: RMB4,326,000) due from a third party, namely Nanjing Qianyu Information Technology Company Limited* (南京千魚信息技術有限公司) ("Nanjing Qianyu") , with interest rate at 6.0% per annum and repayable within two years (2023: on demand). Impairment allowance of approximately RMB2,662,000 (2023: RMB1,540,000) was recognised as at 31 December 2024.

During the year ended 31 December 2024, pursuant to the Company's circular dated 26 February 2024 and Company's announcement dated 13 March 2024, the maturity date of loan to Nanjing Qianyu was further extended from 29 December 2023 to 29 December 2026. Accordingly, the loan to Nanjing Qianyu was reclassified from other receivables included in prepayments, deposits and other receivables to financial assets at FVTPL upon the extension of loan is approved by the shareholders at the extraordinary general meeting on 13 March 2024. Gain of approximately RMB680,000 arising from a difference between the carrying amount of the loan receivable and its fair value is recognised in profit or loss. On 31 December 2024, the management of the Group decided to forfeit its right to convert the loans into the equity shares of Nanjing Qianyu, the loan to Nanjin Qianyu was subsequently reclassified from financial assets at FVTPL to other receivables included in prepayments, deposits and other receivables.

Included in other receivables of approximately RMB6,252,000 was a loan receivable, comprised of the outstanding principal of RMB4,000,000 and its accumulated interest receivables of approximately RMB2,252,000 due from Beijing Hongwei as set out in note 16(iii) to the consolidated financial statements, with interest rate at 8.0% per annum and repayable within one year. The management assessed that such loan receivable is credit-impaired due to the inability of repayment by Beijing Hongwei upon the reclassification date.

(ii) As at 31 December 2024 and 2023, the balances represent the interest-free loans to employees which will be repaid within one to two years. During the year ended 31 December 2024, the principal amount at RMB180,000 due from an employee has been reclassified to "loans to third parties" due to the resignation of such employee.

(iii) Included in loans to third parties was a loan with outstanding amount of approximately RMB181,000 (2023: RMB256,000), which are unsecured, bearing interest rate at 6% per annum and repayable within one to two years.

As mentioned in note (ii) above, included in loans to third parties was a loan to a former employee with an outstanding amount of RMB180,000, which are unsecured, interest-free and repayable on demand.

Details on the Group's credit policy are set out in note 37 to the consolidated financial statements.

21. CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	**2,758**	9,277

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately RMB1,980,000 (2023: RMB6,479,000). The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

22. TRADE PAYABLES

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

	2024 RMB'000	2023 RMB'000
Within 1 month	**7,523**	5,068
1 to 3 months	**–**	1
Over 3 months	**–**	101
	7,523	5,170

As at 31 December 2024 and 2023, the trade payables are non-interest-bearing and normally settled within 30 days.

23. CONTRACT LIABILITIES

	2024	2023
	RMB'000	RMB'000
Short-term advances received from customers — Marketing and promotional services	**175**	3,569

As at 1 January 2023, contract liabilities amounted to approximately RMB325,000. Contract liabilities include short-term advances received to deliver marketing and promotional services.

The following table shows how much of the revenue recognised in the current year related to carried-forward contract liabilities.

	2024	2023
	RMB'000	RMB'000
Marketing and promotional services	**3,569**	325

24. OTHER PAYABLES AND ACCRUALS

	2024	2023
	RMB'000	RMB'000
Other payables and accruals (note)	**14,216**	9,724
Receipt in advance	**63**	212
Other tax payables	**918**	2,409
Employee related payables	**321**	761
	15,518	13,106

As at 31 December 2024 and 2023, other payables are non-interest-bearing and repayable on demand.

Note:

Included in other payables and accruals were the interest payables and extension fee payables of approximately RMB12,472,000 (2023: RMB7,005,000) as at 31 December 2024.

25. BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank loans (note (i))	–	17,500
Other borrowings (note (ii))	**21,545**	20,247
	21,545	37,747

	2024 RMB'000	2023 RMB'000
Carrying amounts repayable:		
Within one year or on demand	**21,545**	37,747

Notes:

(i) As at 31 December 2023, the bank loans of RMB17,500,000 are unsecured, repayable within one year and guaranteed by personal guarantees given by an executive director of the Company, Mr. Cheng Li, a non-executive director of the Company, Ms. Li Juan and a former non-executive director of the Company, Mr. Wu Haiming who resigned on 9 August 2023. The relevant directors did not receive any fees for such guarantees from the Group and the Group did not provide any collateral for the aforesaid guarantees to the relevant directors for the year ended 31 December 2023. The bank loans carry interest rates ranging from 3.25% to 4.45% per annum.

(ii) The other borrowings are unsecured and repayable within one year or on demand, which carry interest rates ranging from 9% to 26% (2023: interest rates ranging from 23% to 26%) per annum.

Details of the non-cash transaction for settlement of other borrowings during the years are set out in note 33(a) to the consolidated financial statements.

26. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

As at 31 December 2023, the Group is in the process of disposing of its entire equity interests in its indirect wholly-owned subsidiary, Nanjing Wanhui Information Technology Company Limited ("Nanjing Wanhui"), that was principally engaged in provision of technical support and consultancy related services.

Negotiations with an interested party have already taken place, and the directors of the Company are committed to sell the equity interests in Nanjing Wanhui within twelve months from 31 December 2023. During the year ended 31 December 2024, the disposal of the subsidiary has been completed. Details of the disposal are set out in note 30(a) to the consolidated financial statements.

The assets and liabilities of Nanjing Wanhui were classified as "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale" respectively in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations as at 31 December 2023 and were presented separately in the consolidated statement of financial position (see below).

The major classes of assets and liabilities of Nanjing Wanhui classified as held for sale are as follows:

	RMB'000
Property, plant and equipment	21,796
Right-of-use assets	5,071
Other receivables	445
Total assets classified as held for sale	27,312
Other payables and accruals	13,080
Total liabilities classified as held for sale	13,080

27. SHARE CAPITAL

	2024			2023		
	Number of shares '000	HK$'000	Equivalent to RMB'000	Number of shares '000	HK$'000	Equivalent to RMB'000
Ordinary shares of HK$0.05 each						
Authorised:						
At 1 January	**2,000,000**	**100,000**		10,000,000	100,000	
Share consolidation (note iii)	**–**	**–**		(8,000,000)	–	
At 31 December	**2,000,000**	**100,000**		2,000,000	100,000	
Issued and fully paid:						
At 1 January	**288,052**	**14,402**	**11,891**	1,025,662	10,257	8,090
Issue of new shares under subscription agreement (note (i))	**–**	**–**	**–**	7,317	73	64
Issue of new shares under subscription agreement (note (ii))	**–**	**–**	**–**	14,348	143	128
Share consolidation (note (iii))	**–**	**–**	**–**	(837,862)	–	–
Issue of new shares under subscription agreement (note (iv))	**–**	**–**	**–**	18,347	917	845
Issue of new shares under loan capitalisation agreement (note (v))	**–**	**–**	**–**	18,347	917	845
Issue of new shares under subscription agreement (note (vi))	**–**	**–**	**–**	41,893	2,095	1,919
Issue of new shares under placing agreement (note (vii))	**57,610**	**2,881**	**2,619**	–	–	–
At 31 December	**345,662**	**17,283**	**14,510**	288,052	14,402	11,891

Notes:

(i) On 29 March 2023, the Company entered into a subscription agreement with a third party (the "Subscriber A"), pursuant to which the Subscriber A has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 7,317,073 ordinary shares at the subscription price of HK$0.041 per share. Those subscription shares issued by the Company rank pari passu in all respects with the issued ordinary shares of the Company on the date of issue. Details of which are set out in the Company's announcement dated 29 March 2023.

(ii) On 4 May 2023, the Company entered into a subscription agreement with the Subscriber A, pursuant to which the Subscriber A has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 14,347,826 ordinary shares at the subscription price of HK$0.023 per share. Those subscription shares issued by the Company rank pari passu in all respects with the issued ordinary shares of the Company on the date of issue. Details of which are set out in the Company's announcement dated 4 May 2023.

(iii) Pursuant to an ordinary resolution passed by shareholders at the annual general meeting held on 15 June 2023, every five issued and unissued ordinary shares with a par value of HK$0.01 each in the authorised and issued share capital of the Company be consolidated into one ordinary share with a par value of HK$0.05 each, which became effective on 19 June 2023. Details of the Share Consolidation are set out in the Company's announcement dated 29 March 2023 and circular dated 16 May 2023 respectively.

27. SHARE CAPITAL (CONTINUED)

Notes: (continued)

(iv) On 12 June 2023, the Company entered into a subscription agreement with the Subscriber A, pursuant to which the Subscriber A has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 18,346,750 ordinary shares at the subscription price of HK$0.023 per share (or HK$0.115 as adjusted by share consolidation). Those subscription shares issued by the Company rank pari passu in all respects with the issued ordinary shares of the Company on the date of issue. Details of which are set out in the Company's announcement dated 12 June 2023.

(v) On 12 June 2023, the Company entered into a loan capitalisation agreement with a third party (the "Creditor"), pursuant to which the Creditor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 18,346,750 ordinary shares (at par value of HK$0.05) at the issue price of HK$0.023 per share (or HK$0.115 as adjusted by share consolidation). The subscription amount payable by Creditor under the loan capitalisation agreement shall be satisfied by capitalising the outstanding loan. Those subscription shares issued by the Company rank pari passu in all respects with the issued ordinary shares of the Company on the date of issue. Details of which are set out in the Company's announcement dated 12 June 2023.

On 4 July 2023, all of the conditions precedent under the loan capitalisation agreement have been fulfilled and the completion of the share subscription has taken place, whereby 18,346,750 subscription shares were allotted and issued to the Creditor at the subscription price of HK$0.023 per share (or HK$0.115 as adjusted by share consolidation) per subscription share pursuant to the terms of the loan capitalisation agreement. The difference between the fair value of the issued shares based on the market price of HK$0.136 per share on 4 July 2023 and the amount owing by the Company to the Creditor in an aggregate amount of approximately HK$385,000 (equivalent to approximately of RMB347,000) was accounted for as a loss on extinguishment of financial liabilities by issue of ordinary shares for the year ended 31 December 2023.

(vi) On 11 July 2023, the Company entered into a subscription agreement with the subscribers (the "Subscribers"), pursuant to which the Subscribers has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 41,893,074 ordinary shares (at par value of HK$0.05) at the subscription price of HK$0.1525 per share. Those subscription shares issued by the Company rank pari passu in all respects with the issued ordinary shares of the Company on the date of issue. Details of which are set out in the Company's announcement dated 11 July 2023.

(vii) On 26 April 2024, the Company and the placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, up to an aggregate of 57,610,390 placing shares at a price of HK$0.0503 per placing shares (the "Placing"). The Placing has been completed on 17 May 2024. The net proceeds from the Placing amounted to approximately HK$2.9 million. Details of which are set out in the Company's announcement dated 17 May 2024.

28. SHARE-BASED PAYMENTS

Share option scheme

The Company adopted a share option scheme on 19 June 2015 (the "Share Option Scheme") for the purpose of providing incentive or rewarding eligible persons (including director or employee (whether full time or part time), consultant or advisor of our Group) for their contribution to, and continuing efforts to promote the interests of our Group and for such other purposes as the Board may approve from time to time. No share option has been granted under the Share Option Scheme since its adoption by the Company. The Share Option Scheme became effective on the date of the Company's listing (8 July 2015) and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

28. SHARE-BASED PAYMENTS (CONTINUED)

Share option scheme (continued)

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 20,000,000 shares, representing approximately 6.94% (2023: 9.75%) of the shares of the Company in issue as at the date of this report. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. A grant of share options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the Option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer upon payment of a nominal consideration of RMB1 in total by the grantee. The exercise period of the share options granted is determined by the directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised.

The exercise price of the share options shall be not less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options, which must be a date on which the Stock Exchange is open for business of dealing in securities; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company on the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share options were granted and outstanding under the Share Option Scheme as at 31 December 2024 and 2023.

Share award plan

The Company adopted a share award plan (the "Share Award Plan") on 6 July 2016 so as to recognise and appreciate the contribution of all qualified employees towards the growth and development of the Group. The entire issued share capital of Properous Commitment Holdings Limited ("Properous Commitment") which in turns holds 10,320,000 shares, is directly held by TMF Trust (HK) Limited which is a professional trustee. The trustee will hold on trust the award shares for the benefit of the selected employees in accordance to the terms of the trust deed, until such award shares are vested in the relevant selected employees in accordance with the Share Award Plan.

28. SHARE-BASED PAYMENTS (CONTINUED)

Share award plan (continued)

The Share Award Plan is discretionary-based, and the board has authorised the share award plan committee of the Company ("Share Award Plan Committee") to manage the Share Award Plan, members of which include the executive director of the Company, Mr. Cheng Li, and the independent non-executive director of the Company, Mr. Ge Ning. Subject to the requirements of the Main Board Listing Rules and all applicable laws from time to time, the Share Award Plan Committee shall make recommendations for the board's approval. The Share Award Plan Committee shall be responsible for the administration of the Plan as well as communication with the trustee and the selected employees, including but not limited to the allocation of the award shares to the selected employees upon obtaining such approval/authorisation from the board, and purchasing the award shares on the market, as well as transferring the vested shares to the selected employees. Before the vesting date, the selected employees have no right or interest in the award shares (including the right to the dividends).

The maximum number of award Shares shall not exceed 10% of the issued share capital of the Company from time to time, whereas the maximum number of shares to be granted to a selected employee shall not exceed one percent (1%) of the issued share capital of the Company from time to time. The directors of the Company have confirmed that the Company does not currently intend to issue any new shares under the Plan. If new shares are to be issued under the Share Award Plan and assuming there are no existing shares to be used under the Share Award Plan, the maximum number of new shares to be issued will be 24,246,234 shares as at the date of this report (taking into account of the current issued share capital of 345,662,343 shares and 10,320,000 shares granted and vested), representing approximately 7.0% of the existing issued share capital of the Company. The Company will seek a specific mandate in this regard as the grantees may be connected persons of the Company.

The Share Award Plan shall have valid and effect for ten years from the date of adoption to 5 July 2026.

During the year ended 31 December 2024, 10,320,000 shares were granted and vested, and the Group recognised a total expense of RMB661,000 (2023: Nil) in relation to shares awarded by the Company. As at 31 December 2024, no award shares outstanding under the Share Award Plan.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statement of changes in equity on page 91 of the consolidated financial statements.

Certain subsidiaries established in the PRC are required to transfer 10% of their profits after tax calculated in accordance with the PRC accounting regulations to their respective statutory reserve funds until the reserve funds reach 50% of their respective registered capital, upon which any further appropriation is on the directors' recommendation. Such reserve refunds are restricted from distribution to the Company in the form of dividend and may be used to reduce any losses incurred by the subsidiaries or may be capitalised as paid-up capital of the subsidiaries, provided that the remaining balance after the capitalisation is not less than 50% of the registered capital.

30. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Nanjing Wanhui

In March 2024, the Group completed the disposal of its entire interests in Nanjing Wanhui whose assets and liabilities were classified as held for sale as at 31 December 2023 as set out in note 26 to the consolidated financial statements for consideration of RMB19,090,000.

The respective amounts of assets and liabilities of Nanjing Wanhui on the relevant dates of disposal were as follows:

	RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	**25,972**
Right-of-use assets	**5,071**
Other receivables	**818**
Other payables and accruals	**(17,629)**
Net assets disposed of	**14,232**
Gain on disposal of a subsidiary:	
Consideration received	**19,090**
Net assets disposed of	**(14,232)**
	4,858
Net cash inflow arising on disposal of a subsidiary:	
Cash consideration received	**19,090**
Less: cash and cash equivalents disposed of	**–**
	19,090

30. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(b) Deemed disposal of Nanjing Xihui and Nanjing Xirui

On 31 December 2024, the Group ceased to have control over Nanjing Xihui and Nanjing Xirui due to the termination of the contractual arrangements and therefore the carrying amount related to the net liabilities of Nanjing Xihui and Nanjing Xirui was deconsolidated from the consolidated financial statements of the Group as of 31 December 2024. Details in relation to the termination of contractual arrangements are set out in the Company's announcement dated 15 November 2024.

The major classes of assets and liabilities relating to Nanjing Xihui and Nanjing Xirui as at 31 December 2024 were set out below:

	RMB'000
Analysis of assets and liabilities over which control was lost:	
Prepayments, deposits and other receivables	**111**
Cash and cash equivalents	**67**
Trade payables	**(22)**
Other payables and accruals	**(2,566)**
Tax payables	**(782)**
Net liabilities disposed of	**(3,192)**
Gain on deemed disposal of subsidiaries:	
Consideration received	**–**
Net liabilities disposed of	**3,192**
	3,192
Net cash outflow arising on deemed disposal of subsidiaries:	
Cash consideration received	**–**
Less: cash and cash equivalents disposed of	**(67)**
	(67)

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

For the year ended 31 December 2024	Borrowings RMB'000	Interest payables RMB'000	Lease liabilities RMB'000
At 1 January 2024	37,747	5,802	703
Changes from financing cash flows, net	(16,588)	(269)	(1,389)
Exchange realignment	386	189	4
Finance costs	–	5,504	82
Interest paid classified as operating cash flows	–	–	(82)
New lease arrangement entered	–	–	2,541
Termination of lease arrangement	–	–	(1,094)
At 31 December 2024	21,545	11,226	765

For the year ended 31 December 2023	Convertible notes RMB'000	Borrowings RMB'000	Interest payables RMB'000	Lease liabilities RMB'000
At 1 January 2023	13,816	18,413	1,538	1,810
Changes from financing cash flows, net	–	7,250	(608)	(1,126)
Exchange realignment	111	147	46	19
Finance costs	475	–	4,261	62
Accrued interest	(1,345)	–	1,345	–
Reclassification	(13,057)	13,057	–	–
Loan capitalisation by issuance of shares (note 33(a))	–	(1,120)	(780)	–
Interest paid classified as operating cash flows	–	–	–	(62)
At 31 December 2023	–	37,747	5,802	703

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) 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	309	164
Within financing activities	1,389	1,126
	1,698	1,290

32. COMMITMENTS

Save as set out in notes 1(i), (iii) and (v) to the consolidated financial statements, the Group had the following capital commitment at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Contracted, but not provided for:		
Land and buildings	–	40,383

As at 31 December 2023, the commitment relates to the construction in progress of Nanjing Wanhui, of which its assets and liabilities were classified as "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale". Details of which are set out in note 26 to the consolidated financial statements.

33. MAJOR NON-CASH TRANSACTIONS

(a) Loan capitalisation

As set out in note 27(v) to the consolidated financial statements, the Company issued 18,346,750 ordinary shares to the Creditor for settlement of the Group's other borrowings of approximately HK$1,244,000 (equivalent to approximately RMB1,120,000) and interest payables included in other payables and accruals of approximately HK$866,000 (equivalent to approximately RMB780,000) during the year ended 31 December 2023 as offset of the liabilities. Approximately HK$385,000 (equivalent to approximately RMB347,000) was accounted for as a loss on extinguishment of financial liabilities by issue of shares for the year ended 31 December 2023.

(b) Settlement of liabilities by offsetting the deposits paid

During the year ended 31 December 2023, an indirect wholly owned subsidiary of the Company settled its liabilities with the Vendor by offsetting the deposit for property, plant and equipment of approximately RMB2,712,000.

34. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Group had the following transactions and balances with related parties during the years ended 31 December 2024 and 2023:

	2024 RMB'000	2023 RMB'000
For the year		
Interest on other borrowings to a shareholder	**4,395**	3,345
At the year-end		
Other borrowings due to a shareholder	**18,369**	16,997
Other payables due to a shareholder	**11,547**	6,527

(b) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**1,253**	1,265
Pension scheme contributions	**102**	138
	1,355	1,403

Further details of directors' and the chief executive's emoluments are included in note 9 to the consolidated 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:

As at 31 December 2024

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Financial assets designated at FVTOCI RMB'000	Total RMB'000
Other financial assets	–	5,671	844	6,515
Trade receivables	19,043	–	–	19,043
Financial assets included in prepayments, deposits and other receivables	14,151	–	–	14,151
Cash and cash equivalents	2,758	–	–	2,758
	35,952	5,671	844	42,467

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	7,523
Financial liabilities included in other payables and accruals	14,216
Borrowings	21,545
Lease liabilities	765
	44,049

35. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

As at 31 December 2023

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Financial assets designated at FVTOCI RMB'000	Total RMB'000
Other financial assets	–	9,736	40,300	49,676
Trade receivables	6,676	–	–	6,676
Financial assets included in prepayments, deposits and other receivables	17,138	–	–	17,138
Cash and cash equivalents	9,277	–	–	9,277
	33,091	9,376	40,300	82,767

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	5,170
Financial liabilities included in other payables and accruals	9,724
Borrowings	37,747
Lease liabilities	703
	53,344

36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 Fair Value Measurement.

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 audit committee. 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 audit committee twice a year for interim and annual financial reporting.

Fair value hierarchy as at 31 December 2024

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Other financial assets				
Financial assets designated at FVTOCI				
— Unlisted equity securities	–	–	844	844
Financial assets at FVTPL				
— Unlisted equity securities	–	–	5,671	5,671
	–	–	6,515	6,515

Fair value hierarchy as at 31 December 2023

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Other financial assets				
Financial assets designated at FVTOCI				
— Unlisted equity securities	–	–	40,300	40,300
Financial assets at FVTPL				
— Unlisted equity securities	–	–	5,549	5,549
— Convertible loans to third parties	–	–	3,827	3,827
	–	–	49,676	49,676

36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at the end of the reporting period:

As at 31 December 2024

Financial assets	Valuation techniques	Significant unobservable input
Financial assets at FVTPL		
Unlisted equity securities	Asset-based approach	with reference to the adjusted net asset values (note (i))
Financial assets designated at FVTOCI		
Unlisted equity securities	Asset-based approach	with reference to the adjusted net asset values (note (ii))

Notes:

(i) As at 31 December 2024, the put option of the unlisted equity securities expired, therefore the valuation technique is changed to asset-based approach.

(ii) As at 31 December 2024, the management of the Group changed the valuation techniques for unlisted equity securities included in financial assets designated at FVTOCI. The management of the Group assessed that the change in valuation technique better reflects the fair value measurement of the unlisted equity securities included in financial assets designated at FVTOCI.

36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

As at 31 December 2023

Financial assets	Valuation techniques	Significant unobservable input
Financial assets at FVTPL		
Unlisted equity securities and convertible loans to third parties	Hypothetical liquidation method	Debt allocation of 64% (note (i))
	Black Scholes Model	Expected volatility of 38%, taking into account volatility in entities in similar industries extracted from the financial database of Wind (萬得信息技術股份有限公司) ("Wind") (note (ii))
Financial assets designated at FVTOCI		
Unlisted equity securities	Market approach	Price/book ratio ranging from 5.16 to 6.91 taking into account price/book ratio of entities in similar industries extracted from database of Wind, adjusted for discount for lack of marketability (note (iii))
		Enterprise value/sales ratio ranging from 5.08 to 5.32, taking into account enterprise value/sales ratio of entities in similar industries extracted from database of Wind, adjusted for discount for lack of marketability (note (iv))

Notes:

(i) An increase in debt allocation used in isolation would result in an increase in the fair value measurement of the financial assets at FVTPL, and vice versa. 5% increase/decrease in the debt allocation holding all other variables constant would increase/decrease the carrying amount of financial assets at FVTPL of approximately RMB299,000 and RMB299,000, respectively.

(ii) An increase in the expected volatility used in isolation would result in an increase in the fair value measurement of the financial assets at FVTPL and vice versa. 10% increase/decrease in the volatility holding all other variables constant would increase/decrease the carrying amount of financial assets at FVTPL by Nil.

(iii) An increase in the price/book ratio used in isolation would result in an increase in the fair value measurement of the financial assets designated at FVTOCI, and vice versa. 2% increase/decrease in the price/book ratio holding all other variables constant would increase/decrease the carrying amount of the financial assets designated at FVTOCI of approximately RMB1,579,000 and RMB1,579,000, respectively.

(iv) An increase in the enterprise value/sales ratio used in isolation would result in an increase in the fair value measurement of the financial assets designated at FVTOCI, and vice versa. 2% increase/decrease in the enterprise value/sales ratio holding all other variables constant would increase/decrease the carrying amount of the financial assets designated at FVTOCI of approximately RMB450,000 and RMB450,000, respectively.

36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Reconciliation of Level 3 fair value measurement

	Financial assets at FVTPL		Financial assets designated at FVTOCI	
	Unlisted equity securities RMB'000	Convertible loans to third parties RMB'000	Unlisted equity securities RMB'000	Total RMB'000
At 1 January 2023	14,985	19,151	68,926	103,062
Loan interest receivables	–	1,040	–	1,040
Exchange realignment	155	–	–	155
Derecognition	–	–	(11)	(11)
Disposal	–	–	(1,500)	(1,500)
Changes in fair value recognised in profit and loss	(9,591)	(38)	–	(9,629)
Changes in fair value recognised in other comprehensive income	–	–	(27,115)	(27,115)
Reclassified to prepayments, deposits and other receivables	–	(16,326)	–	(16,326)
At 31 December 2023 and 1 January 2024	**5,549**	**3,827**	**40,300**	**49,676**
Loan interest receivables	**–**	**755**	**–**	**755**
Exchange realignment	**122**	**–**	**–**	**122**
Disposal	**–**	**–**	**(150)**	**(150)**
Changes in fair value recognised in profit and loss	**–**	**(3,141)**	**–**	**(3,141)**
Changes in fair value recognised in other comprehensive income	**–**	**–**	**(39,306)**	**(39,306)**
Reclassified from prepayments, deposits and other receivables	**–**	**14,608**	**–**	**14,608**
Reclassified to prepayments, deposits and other receivables	**–**	**(16,049)**	**–**	**(16,049)**
At 31 December 2024	**5,671**	**–**	**844**	**6,515**

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2023.

During the years ended 31 December 2024 and 2023, there were no transfers of fair value measurements between Level 1 to Level 3 for financial assets.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, interest rate risk and liquidity risk. The board of directors review and agree policies for managing the risks and they are summarised below.

Foreign currency risk

The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the reporting period. However, management closely monitors foreign exchange exposure to ensure appropriate measures are implemented in a timely and effective manner. In this respect, the Group is not exposed to any significant foreign currency exchange risk in its operation.

Credit risk

The Group trades only with recognised and creditworthy third parties. 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 and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The table below shows 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. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-months ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables (note (i))	–	–	–	19,102	19,102
Contract assets (note (i))	–	–	–	360	360
Financial assets included in prepayments, deposits and other receivables (note (ii))					
— Normal	17,003	–	–	–	17,003
— Loss	–	–	6,252	–	6,252
Cash and cash equivalents					
— Not yet past due	2,733	–	–	–	2,733
	19,736	–	6,252	19,462	45,450

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2023

	12-months ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables (note (i))	–	–	–	10,133	10,133
Contract assets (note (i))	–	–	–	3,170	3,170
Financial assets included in prepayments, deposits and other receivables					
— Normal (note (ii))	18,773	–	–	–	18,773
Cash and cash equivalents					
— Not yet past due	9,121	–	–	–	9,121
	27,894	–	–	13,303	41,197

Notes:

(i) For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is set out in notes 18 and 19 to the consolidated financial statements respectively.

(ii) 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". The credit quality of the financial assets is considered to be "loss" when there is evidence indicating the asset is credit-impaired.

(iii) At the end of the reporting period, there is no significant concentration of credit risk.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

The Group's interest rate risk arises primarily from the Group's cash and cash equivalents, certain financial assets included in prepayments, deposits and other receivables, lease liabilities and borrowings.

No sensitivity analysis is presented since the management of Group considers the exposure of interest rate risk is insignificant.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

As at 31 December 2024

	Effective interest rate %	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 1 year RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
Trade payables	–	7,523	–	–	–	7,523	7,523
Financial liabilities included in other payables and accruals	–	14,216	–	–	–	14,216	14,216
Borrowings	9.00 to 26.00	20,619	940	–	–	21,559	21,545
Lease liabilities	3.70 to 5.00	–	91	278	429	798	765
		42,358	1,031	278	429	44,096	44,049

As at 31 December 2023

	Effective interest rate %	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 1 year RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
Trade payables	–	5,170	–	–	–	5,170	5,170
Financial liabilities included in other payables and accruals	–	9,724	–	–	–	9,724	9,724
Borrowings	3.25 to 26.00	20,247	5,097	12,758	–	38,102	37,747
Lease liabilities	4.65 to 5.00	–	269	448	–	717	703
		35,141	5,366	13,206	–	53,713	53,344

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 ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No change was made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital by regularly reviewing the gearing ratio, which is total liabilities divided by total assets. The gearing ratio as at the end of the reporting periods were as follows:

	2024 **RMB'000**	2023 RMB'000
Total current liabilities	**49,923**	78,973
Total non-current liabilities	**419**	–
	50,342	78,973
Total current assets	**29,511**	69,951
Total non-current assets	**15,315**	45,102
	44,826	115,053
	%	%
Gearing ratio	**112**	69

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
Non-current assets		
Property, plant and equipment	16	16
Right-of-use assets	–	582
	16	598
Current assets		
Trade receivables	14,496	–
Prepayments, deposits and other receivables	–	921
Due from subsidiaries	8,930	58,432
Cash and cash equivalents	760	573
	24,186	59,926
Current liabilities		
Trade payables	7,408	1,813
Due to subsidiaries	–	2,767
Other payables and accruals	12,229	6,991
Borrowings	18,295	16,997
Lease liabilities	–	703
	37,932	29,271
Net current (liabilities) assets	(13,746)	30,655
NET (LIABILITIES) ASSETS	(13,730)	31,253
Equity		
Share capital	14,510	11,891
Reserves (note)	(28,240)	19,362
(CAPITAL DEFICIENCY) TOTAL EQUITY	(13,730)	31,253

The statement of financial position was approved and authorised for issue by the board of directors on 31 March 2025 and are signed on its behalf by

Cheng Li *Director*	**Zhang Lake Mozi** *Director*

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Exchange fluctuation reserve RMB'000	Other reserve RMB'000	Convertible notes equity reserve RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	224,688	23,965	–	222	–	(171,706)	77,169
Loss for the year	–	–	–	–	–	(65,110)	(65,110)
Other comprehensive expense for the year:							
Exchange differences related to foreign operations	–	684	–	–	–	–	684
Total comprehensive expense for the year	–	684	–	–	–	(65,110)	(64,426)
Lapse of convertible notes	–	–	–	(222)	–	222	–
Issue of new shares under subscription agreements	5,235	–	–	–	–	–	5,235
Issue of new shares under loan capitalisation agreement	1,384	–	–	–	–	–	1,384
At 31 December 2023 and 1 January 2024	**231,307**	**24,649**	**–**	**–**	**–**	**(236,594)**	**19,362**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(51,732)**	**(51,732)**
Other comprehensive expense for the year:							
Exchange differences related to foreign operations	**–**	**699**	**–**	**–**	**–**	**–**	**699**
Total comprehensive expense for the year	**–**	**699**	**–**	**–**	**–**	**(51,732)**	**(51,033)**
Issue of new shares under placing agreement	**(1)**	**–**	**–**	**–**	**–**	**–**	**(1)**
Share award arrangement	**–**	**–**	**–**	**–**	**661**	**–**	**661**
Vesting of share held under the Share Award Pan	**–**	**–**	**–**	**–**	**(661)**	**661**	**–**
Deemed distribution from a subsidiary	**–**	**–**	**2,771**	**–**	**–**	**–**	**2,771**
At 31 December 2024	**231,306**	**25,348**	**2,771**	**–**	**–**	**(287,665)**	**(28,240)**

39. COMPARATIVE FIGURE

Certain comparative figures have been reclassified to conform with the presentation for the year ended 31 December 2024.

40. EVENTS AFTER THE REPORTING PERIOD

(a) On 20 February 2025, the New WFOE, Nanjing Yilaoyixiao and the Registered Shareholders entered into the New WFOE Structured Contracts; and the Existing WFOE entered into the Business and Asset Transfer Agreement with the New WFOE, pursuant to which the business and certain assets of the Existing WFOE have been transferred to the New WFOE. Subsequently, the Existing WFOE, Nanjing Yilaoyixiao and the Registered Shareholders entered into the Termination Agreement to terminate the Existing WFOE Contractual Arrangement. Details of which are set out in the Company's announcement dated 20 February 2025.

(b) On 26 March 2025, the Company proposes to (i) implement the share consolidation on the basis that every eight (8) issued and unissued existing shares of par value of HK$0.05 each be consolidated into one (1) consolidated share of HK$0.4 each; (ii) to implement the capital reduction, immediately following the share consolidation becoming effective, by cancelling the paid up capital to the extent of HK$0.35 on each of the then issued consolidated shares such that the par value of each issued consolidated share will be reduced from HK$0.4 to HK$0.05; and (iii) to implement the share sub-division, immediately following the capital reduction, each of the authorised but unissued consolidated shares of par value of HK$0.4 each be sub-divided into eight (8) new shares of par value of HK$0.05 each. At the date of this report, the share consolidation, the capital reduction and the share sub-division have not yet completed, details of which are set out in the Company's announcement dated 26 March 2025.

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**56,439**	57,444	84,970	93,744	92,267
Loss for the year	**(5,281)**	(48,141)	(42,005)	(55,137)	(96,518)
(Loss) profit attributable to:					
Owners of the Company	**(5,281)**	(48,141)	(42,241)	(51,455)	(96,175)
Non-controlling interests	**–**	–	236	(3,682)	(343)
	(5,281)	(48,141)	(42,005)	(55,137)	(96,518)

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**44,826**	115,053	166,926	345,393	371,726
Total liabilities	**(50,342)**	(78,973)	(65,673)	(77,157)	(45,923)
(Capital deficiency) total equity	**(5,516)**	36,080	101,253	268,236	325,803
Attributable to:					
Owners of the Company	**(5,516)**	36,080	101,253	268,472	322,357
Non-controlling interests	**–**	–	–	(236)	3,446
	(5,516)	36,080	101,253	268,236	325,803