



UJU HOLDING LIMITED

优矩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1948



ANNUAL REPORT

2023



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Ma Xiaohui (*resigned as Chairman of the Board and Executive Director on March 28, 2024*)  
 Mr. Peng Liang (*Chief executive officer and appointed as Chairman of the Board on March 28, 2024*)  
 Ms. Luo Xiaomei (*Chief financial officer*)

#### Independent Non-Executive Directors

Mr. Zhang Peiao  
 Ms. Lin Ting  
 Mr. Wang Wenping

#### COMPANY SECRETARY

Mr. Hong Kam Le

#### AUDIT COMMITTEE

Mr. Wang Wenping (*Chairperson*)  
 Mr. Zhang Peiao  
 Ms. Lin Ting

#### NOMINATION COMMITTEE

Mr. Ma Xiaohui (*resigned as Chairperson on March 28, 2024*)  
 Ms. Luo Xiaomei (*appointed as Chairperson since March 28, 2024*)  
 Mr. Zhang Peiao  
 Ms. Lin Ting  
 Mr. Wang Wenping

#### REMUNERATION COMMITTEE

Ms. Lin Ting (*Chairperson*)  
 Mr. Zhang Peiao  
 Mr. Wang Wenping

#### AUTHORIZED REPRESENTATIVES

Mr. Ma Xiaohui (*resigned as Authorized Representative on March 28, 2024*)  
 Ms. Luo Xiaomei (*appointed as Authorized Representative on March 28, 2024*)  
 Mr. Hong Kam Le

#### AUDITOR

PricewaterhouseCoopers  
 Certified Public Accountants and Registered  
 Public Interest Entity Auditor  
 22/F, Prince's Building  
 Central, Hong Kong

#### LEGAL ADVISOR AS TO HONG KONG LAWS

DeHeng Law Offices (Hong Kong) LLP  
 28/F, Henley Building  
 5 Queen's Road Central  
 Central  
 Hong Kong

#### REGISTERED OFFICE

P. O. Box 31119, Grand Pavilion  
 Hibiscus Way, 802 West Bay Road  
 Grand Cayman, KY1-1205  
 Cayman Islands

#### PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN THE PRC

4/F, Building G  
 Dongfengdebi WE AI Innovative Park  
 8 Dongfeng South Road, Chaoyang District  
 Beijing, the PRC

#### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

28/F, Henley Building  
 5 Queen's Road Central  
 Central  
 Hong Kong

#### PRINCIPAL BANKS

Shanghai Pudong Development Bank  
 (Beijing Sanlitun Branch)  
 Standard Chartered Bank (Hong Kong) Limited

#### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited  
 71 Fort Street, P.O. Box 500  
 George Town, Grand Cayman KY1-1106  
 Cayman Islands

#### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

#### STOCK NAME

UJU HOLDING

#### STOCK CODE

01948

#### COMPANY'S WEBSITE

<https://www.ujumedia.com>



## CHAIRMAN'S STATEMENT

Dear Shareholders:

I, on behalf of the board of UJU Holding Limited, hereby present the annual report of the Company and its subsidiaries for the year ended December 31, 2023.

### BUSINESS REVIEW AND OUTLOOK

In 2023, under the challenging macroeconomic environment, we were committed to improving our growth and ensuring the quality of business development through refined management. The Group achieved a gross profit margin of 4.0% for the year ended December 31, 2023, representing an increase of 1.4 percentage point compared to 2.6% for the year ended December 31, 2022. In 2023, leveraging years of operational data accumulation and mature data analysis technologies, we upgraded our customer credit risk management system by implementing structured management of customers to identify, evaluate and manage risks throughout the service lifecycle, thereby enhancing service quality and reducing potential business risks. As a result of the Group's prudent credit risk policy and optimisation of customer structure, the operating cash inflow of the Group was approximately RMB812.2 million for the year ended December 31, 2023. Although this strategic approach had certain impact on the Group's business scale, it was an inevitable stage in the process of optimizing management and will undoubtedly bring long-term benefits to the Company. For the year ended December 31, 2023, total gross billing of the Group's advertising business decreased by approximately 23.7% to approximately RMB9,536.7 million as compared to approximately RMB12,500.6 million for the year ended December 31, 2022, total revenue of the Group decreased by approximately 15.1% to approximately RMB7,076.0 million as compared to approximately RMB8,336.1 million for the year ended December 31, 2022, and net profit of the Group decreased by approximately 19.9% to approximately RMB91.0 million as compared to approximately RMB113.6 million for the year ended December 31, 2022.

In 2023, the widespread application of artificial intelligence generated content technology ("AIGC") has inspired more possibilities in the internet marketing industry. The development of AIGC is expected to have a profound impact on the entire industry. In the face of industrial changes brought by technology, we shall embrace the changes in artificial intelligence ("AI") technology as our strategic theme, continuously monitor the trend of technological advancements, and explore new marketing possibilities enabled by AI, ranging from knowledge sharing, creative tools, collaboration models to technological upgrades. In 2023, the advancement of AI technology at the application level began to change users' information search habits, injecting new momentum into the search engine media transformation. In early 2024, we entered into partnership with Microsoft Bing in China. We believe that through connecting our localized marketing solutions with leading international technology, we can establish new premium traffic channels for our advertising customers.

Leveraging the development of live-streaming e-commerce in recent years, our live-streaming e-commerce business has become the second fastest-growing segment within the Group. In 2023, we observed substantial growth in our self-operated e-commerce business. Since we began to offer live-streaming e-commerce solutions over the past two years, we have rapidly established a mature end-to-end self-operated e-commerce model and endeavored to build our own brand. As live-streaming e-commerce business on short video platforms has completed its commercial cycle in various overseas markets, we envisioned promising directions for expansion. Leveraging our accumulated experience in live-streaming operations along with supply chain expansion and cross-media collaborations, we plan to expand to the North American market by providing live-streaming e-commerce services as our initial step of our overseas expansion of comprehensive self-operated e-commerce in 2024.



## CHAIRMAN'S STATEMENT (CONTINUED)

### Short video marketing services

Upon experiencing extensive adjustments in the global economy and the internet industry in 2022, the internet marketing and advertising market has been gradually emerged from the impact of the pandemic and was in an upward trend in 2023. According to the data statistics of Interactive Marketing Lab Zhongguancun (中關村互動營銷實驗室), the total scale of China's internet advertising and marketing market in 2023 reached approximately RMB1.2482 trillion, representing an increase of 11.07% compared to the previous year. Although the consumer market showed signs of moderate recovery, consumer motivation remained insufficient. Advertisers tend to concentrate resources on high-traffic and high-conversion platforms. In 2023, despite facing numerous challenges, we improved our growth by adhering to our business policies, continuously enhancing our internal management and adjusting our client base.

In 2023, driven by AI technology, China's internet advertising industry demonstrated its characteristics of diversification, innovation, and intelligence. Since the establishment of the Company, we have firmly believed that technology simplifies marketing and we have successfully applied AI and big data technologies in planning, producing, and delivering short video advertisements. We were delighted to witness the explosive emergence of AIGC applications in 2023. AI technology permeates every aspect of internet advertising, from content creation to delivery, providing us with more possibilities for iteration on our existing marketing digital platforms while significantly improving production efficiency and marketing effectiveness. This enables us to offer precise, efficient and flexible services that deliver personalized content with contextual relevance and emotional appeal tailored to meet the needs of our advertising clients. We considered AI technology as our strategic theme and continuously monitored technological trends.

In 2023, we observed new opportunities for search engine media as users' information search habits evolved alongside the advancements in AI technology applications. In early 2024, we became the partner of Bing China which established new high-quality traffic sources for our advertising clients. Currently, the Group has partnerships with 20 media outlets, occupying a core position in the media marketing field.

### Live-streaming e-commerce business

In 2023, it was the second year of conducting live-streaming e-commerce business, which has proven to be profitable and has become the second growth curve of the Group's business development. In the past two years, we sought to various business models in the field of live-streaming e-commerce, gradually developing from focusing on providing operational solutions for e-commerce and local lifestyle to developing a fully integrated and self-operated model represented by the National Pavilion business. We continued to comprehensively expand our operational capabilities and strengthened our fully integrated and self-operated capabilities for different customers, ranging from supply chain construction, product packaging, consumer group positioning, operation of online malls, to hosts and influencers, in conjunction with data analysis, order fulfilment, warehousing logistics and customer services. In the medium to long run, operational solutions in the live-streaming e-commerce and local lifestyle sectors, as well as the fully integrated self-operated model, will become the two pillars of the Group's live-streaming e-commerce business. In the long run, we aim to establish our own brands, continuously optimize our brand strength to achieve economies of scale, enhance market influence, and drive business growth.

For the year ended December 31, 2023, the Group has provided integrated live-streaming operation services to 32 brand customers, primarily in mass consumption and local lifestyle sectors. The achieved gross merchandise volume (GMV) of goods is approximately RMB704.3 million (2022: approximately RMB330.2 million). The Group's self-operated e-commerce platform has sold 350 SKUs, generating a revenue of approximately RMB29.8 million.

We have been paying attention to the overseas monetization process of short video platform TikTok. In September 2023, the monetization conditions for the live-streaming e-commerce business of the platform in the US were completed. We believe that the US, as the world's second largest e-commerce market, will experience rapid growth in live-streaming e-commerce in the future. We plan to leverage our experience in short videos, live-streaming e-commerce, supply chain, and platforms to expand into new market regions in North America, paving the way for establishing a solid foundation for our overseas expansion of fully integrated self-operated e-commerce by providing short video and live-streaming e-commerce services. At the same time, we are aware of the policy impact of the US on short video platform, which may directly affect the progress



## CHAIRMAN'S STATEMENT (CONTINUED)

of various commercial projects in the ecosystem. We are concerned about the challenges of the overseas policy environment. However, considering the platform's user base in the US, our own business vision, and China's high quality and stable production and supply chain system, we have full confidence in the overseas live-streaming e-commerce business.

### Embracing technological changes

In 2023, we witnessed the continuous evolution of AI technology in digital marketing. In particular, AI-powered content generation tools, such as AIGC, have become more intelligent and efficient in creating large-scale and personalized content, thereby enhancing marketing effectiveness and conversion rates. As technology continues to surprise us, we see infinite possibilities from the integration of AI technology in the digital marketing industry. In early 2024, the emergence of Sora video mega model once again proved that AIGC video technology will exert a significant impact on both advertising and short video industries. In the future, mature AIGC video technology will disrupt content production process in the advertising and short video industries, lowering the barriers for content creation. For instance, certain content that requires professional shooting locations and complexity may be substituted by computational power and algorithms. The 60-second videos generated during Sora's testing phase seamlessly aligns with short-form videos, and the maturity of the technology will undoubtedly spark a resurgence in short-form videos. At the same time, the disruption in content production process will extend to specialized division of labor and organizational models within the industry. Traditional roles such as directors, cameramen, and editors may be replaced by comprehensive new positions. For the advertising industry, with the maturation of AIGC video technology, the possibility of mass production of video content will significantly reduce production costs. In addition, by leveraging AI to analyze extensive user data during the initial stage and feedback data after campaign, the precision of advertisements targeting will be significantly enhanced. This will improve advertising effectiveness and open up greater possibilities for end-to-end integrated solutions, ranging from content generation to delivery, which will eventually reshape the business model of the advertising industry.

We embrace technological advancements and actively seek new opportunities brought by AI. Throughout this ongoing, exhilarating, and challenging transformation process, our employees will proactively utilize AIGC tools in their respective roles. Additionally, we have established a dedicated research group for content creation to explore various tools such as text generation, image generation, and video generation. Based on the characteristics of different industry clients, we aim to discover the best combination of tools and practices. Furthermore, the successful implementation of AI technology is a pragmatic process that aligns data, computing power, and algorithms with diverse industries. Within the digital marketing industry, we are leveraging our deep understanding of advertising clients and vast content resources to collaborate with media partners in developing digital marketing application models suitable for various content formats and media platforms. We are prepared to adjust our production methods when necessary to adapt to new business models. In addition, as a digital marketing solution provider with comprehensive cross-media marketing resources, we will upgrade our self-developed U-engine platform. We will seamlessly integrate multiple AIGC applications into our production workflow, while optimizing connectivity with numerous media outlets to further enhance the cross-media production capabilities and operational efficiency of the U-engine platform.

### APPRECIATION

I would like to take this opportunity to express my sincere gratitude to our valued Shareholders, customers and business partners for their unwavering trust and support, I would also like to thank all our staff and management team for their dedication and contribution.

**UJU HOLDING LIMITED**

*Chairman of the Board*

**Ma Xiao Hui**



## FINANCIAL HIGHLIGHTS

	Year ended December 31,		Year-on-year
	2023	2022	change
	(RMB in millions, except percentage)		
Revenue	7,076.0	8,336.1	-15.1%
Gross profit	286.0	219.8	30.1%
Profit before income tax	117.2	148.7	-21.2%
Profit for the year attributable to owners of the Company	90.6	113.6	-20.3%



## FINANCIAL SUMMARY

Operating Results	For the year ended December 31,				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	7,076,001	8,336,069	7,841,417	6,360,724	3,450,856
Profit before income tax	117,221	148,746	332,512	178,198	110,202
Income tax expenses	(26,249)	(35,167)	(78,161)	(45,019)	(28,288)
Profit for the year attributable to owners of the Company	90,560	113,579	254,351	133,179	81,914

Financial Position	As at December 31,				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Total assets	3,441,409	3,988,951	3,415,598	2,443,289	1,580,650
Total liabilities	2,055,529	2,665,159	2,182,114	2,211,317	1,459,521
Total equity	1,385,880	1,323,792	1,233,484	231,972	121,129



## MANAGEMENT DISCUSSION AND ANALYSIS

### REVENUE

The following table sets forth our revenue by revenue streams for the years indicated:

	Year ended December 31,			
	2023		2022	
	(RMB'000)	% of the total	(RMB'000)	% of the total
Online marketing solutions business <sup>(Note)</sup>	7,008,503	99.0	8,288,088	99.4
Live-streaming E-commerce businesses	61,855	0.9	38,442	0.5
Others	5,643	0.1	9,539	0.1
<b>Total</b>	<b>7,076,001</b>	<b>100.0</b>	<b>8,336,069</b>	<b>100.0</b>

Note: Including revenue from provision of advertisement distribution services of approximately RMB11.3 million for the year ended December 31, 2023 (2022: approximately RMB25.2 million).

We normally enter into annual framework agreements with our advertiser customers and charge them for our online marketing solutions based primarily on a mix of CPC (i.e. cost per click) and CPT (i.e. cost per time). Our revenue from online marketing solutions business decreased by approximately 15.4%, from approximately RMB8,288.1 million for the year ended December 31, 2022 to approximately RMB7,008.5 million for the year ended December 31, 2023. The decrease in revenue is mainly due to the initiative we have taken in controlling customer credit risks and refining our customer base. For the year ended December 31, 2023, the revenue generated from our online marketing solutions business accounted for 99.0% of our total revenue.

Our revenue from the live-streaming e-commerce businesses increased from approximately RMB38.4 million for the year ended December 31, 2022 to approximately RMB61.9 million for the year ended December 31, 2023. The live streaming e-commerce business is rapidly growing and is set to become the second growth curve of the Group's development.

### Revenue from online marketing solutions business by type of advertiser customers

Our advertiser customers mainly include direct advertisers and, to a lesser extent, advertising agencies on behalf of their advertisers. The table below sets forth a breakdown of revenue generated from our online marketing solutions business by type of advertiser customers for the years indicated:

	Year ended December 31,			
	2023		2022	
	(RMB'000)	% of the total	(RMB'000)	% of the total
Direct advertisers	6,997,239	99.8	8,263,615	99.7
Advertising agencies	11,264	0.2	24,473	0.3
<b>Total</b>	<b>7,008,503</b>	<b>100.0</b>	<b>8,288,088</b>	<b>100.0</b>



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Revenue from online marketing solutions business by industry

The advertiser customers we serve operate in a wide array of industries, which primarily include e-commerce, internet services, gaming, leisure & travelling, education, financial services and real estate & home furnishing. The table below sets forth a breakdown of revenue generated from our online marketing solutions business by industry of our direct advertisers for the years indicated:

	Year ended December 31,			
	2023		2022	
	(RMB'000)	% of the total	(RMB'000)	% of the total
E-commerce	3,747,614	53.6	3,827,727	46.3
Internet services	974,201	13.9	1,785,338	21.6
Gaming	1,077,642	15.4	1,675,035	20.3
Financial services	917,923	13.1	622,883	7.5
Leisure & Travelling	146,176	2.1	186,248	2.3
Education	51,568	0.7	71,912	0.9
Real Estate & Home Furnishing	13,499	0.2	36,449	0.4
Others <sup>(Note)</sup>	68,616	1.0	58,023	0.7
	6,997,239	100.0	8,263,615	100.0

Note: Others include beverage and other industries.

During the year ended December 31, 2023, we made strategic adjustments to our customer portfolio to better adapt to market shifts. The proportions of customers from the e-commerce and financial services industries increased, contrasted by a decrease in the internet services and gaming industry.

During the year ended December 31, 2023, the e-commerce industry remained our largest advertiser customer group. The revenue generated from the e-commerce industry remained stable, with approximately RMB3,747.6 million for the year ended December 31, 2023, compared to approximately RMB3,827.7 million for the year ended December 31, 2022.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### COST OF SERVICES AND SALES

The following table sets forth a breakdown of our cost of services and sales by nature for the years indicated:

	Year ended December 31,	
	2023	2022
	(RMB'000)	(RMB'000)
Traffic acquisition and monitoring costs	6,657,207	7,951,800
Employee benefit expenses	72,490	102,897
Outsourcing short video production, advertising and streamer costs	20,223	26,836
Cost of inventories sold	14,617	3,003
Depreciation and amortisation expenses	7,925	10,478
Taxes and surcharges	10,226	14,684
Office expenses	1,751	1,493
Travelling expenses	1,076	1,062
Others	4,468	3,990
<b>Total</b>	<b>6,789,983</b>	<b>8,116,243</b>

Our cost of services primarily consist of traffic acquisition and monitoring costs and employee benefit expenses. For the year ended December 31, 2023, traffic acquisition and monitoring costs constituted the largest portion of our cost of services and sales, and employee benefit expenses constituted the second largest portion of our cost of services and sales.

For the year ended December 31, 2023 and 2022, our traffic acquisition and monitoring costs amounted to approximately RMB6,657.2 million and RMB7,951.8 million, respectively, representing approximately 98.0% and 98.0%, respectively, of our total cost of services and sales for the respective periods.

Our employee benefit expenses decreased by approximately 29.6%, from approximately RMB102.9 million for the year ended December 31, 2022 to approximately RMB72.5 million for the year ended December 31, 2023. Such decrease in our employee benefit expenses was attributable to the efficiency improvement empowered by our U-engine platform.

### GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit consists of our revenue less cost of services and sales. The Group recorded gross profit of approximately RMB286.0 million for the year ended December 31, 2023, representing an increase of approximately 30.1% as compared to approximately RMB219.8 million for the year ended December 31, 2022. The increase was mainly due to our effort in refining our customer base and improving our operating efficiency, which increased the gross profit margin significantly.

Gross profit margin represents gross profit divided by total revenue, expressed as a percentage. Our gross profit margin increased from 2.6% for the year ended December 31, 2022 to 4.0% for the year ended December 31, 2023.

### SELLING EXPENSES

Our selling expenses primarily consist of (i) employee benefit expenses; (ii) live-streaming expenses for the self-operating e-commerce business; and (iii) travelling expenses for the transportation and accommodation of business travels.

Our selling expenses increased by approximately 24.0%, from approximately RMB24.7 million for the year ended December 31, 2022 to approximately RMB30.6 million for the year ended December 31, 2023, which was mainly attributable to higher live-streaming expenses associated with the rapid expansion of our self-operated e-commerce business.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### GENERAL AND ADMINISTRATIVE EXPENSES

Our general and administrative expenses primarily consist of (i) employee benefit expenses; (ii) professional and consulting service fees; (iii) depreciation and amortisation expenses; and (iv) office expenses.

Our general and administrative expenses decreased by approximately 9.7% from approximately RMB82.0 million for the year ended December 31, 2022, to approximately RMB74.0 million for the year ended December 31, 2023, which was mainly attributable to the decrease in employee benefit expenses.

### RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses primarily consist of expense incurred for employee benefit expenses for our research and development staff.

Our research and development expenses decreased by approximately 49.6% from approximately RMB17.5 million for the year ended December 31, 2022 to approximately RMB8.8 million for the year ended December 31, 2023, which was mainly attributable to the decrease in number of employees dedicated to developing the SaaS technologies.

### NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Our net impairment losses on financial assets comprise provision for impairment losses on accounts receivables, other receivables and financial assets at fair value through other comprehensive income, net of reversal. We recognized net impairment losses on financial assets of approximately RMB45.9 million for the year ended December 31, 2023, representing an increase of approximately 113.0% from approximately RMB21.6 million for the year ended December 31, 2022. The amount as recognized for the year ended December 31, 2022 was net of a reversal of provision of approximately RMB25.5 million (see note 8 on page 109 for more details) and by taking out the impact of this non-recurring reversal, the provision of loss allowance decreased by approximately 2.4%.

### OTHER INCOME

Our other income decreased by approximately 96.5%, from approximately RMB115.8 million for the year ended December 31, 2022 to approximately RMB4.1 million for the year ended December 31, 2023, which was mainly attributable to the decrease in government grants and the income as arised from the value-added tax additional deduction.

### FINANCE COSTS, NET

Our finance costs, net decreased by approximately 48.5%, from approximately RMB16.0 million for the year ended December 31, 2022 to approximately RMB8.3 million for the year ended December 31, 2023, which was mainly attributable to the increase in the interest income from bank deposits.

### INCOME TAX EXPENSES

Our income tax expenses decreased by approximately 25.4%, from approximately RMB35.2 million for the year ended December 31, 2022 to approximately RMB26.2 million for the year ended December 31, 2023, which was mainly due to the decrease in taxable profit for the year ended December 31, 2023. Our effective income tax rate decreased from 23.6% for the year ended December 31, 2022 to 22.4% for the year ended December 31, 2023, which was mainly attributable to the increased proportion of profit contribution from Hainan Uju Technology Co., Ltd. (海南优矩科技有限公司), a subsidiary of the Group, which enjoyed a preferential income tax rate of 15.0% and hence lowering the average effective income tax rate of the Group for the year ended December 31, 2023.

### PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the above, our profit for the year attributable to owners of the Company decreased by approximately 20.3% from approximately RMB113.6 million for the year ended December 31, 2022 to approximately RMB90.6 million for the year ended December 31, 2023.

Our net profit margin slightly decreased from 1.4% for the year ended December 31, 2022 to 1.3% for the year ended December 31, 2023.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### LIQUIDITY AND FINANCIAL RESOURCES

Our business operations and expansion plans require a significant amount of capital for acquiring user traffic from online media, enhancing our content production capabilities, improving our big data analytics capabilities and operation capacity, upgrading our U-engine platform as well as other working capital requirements.

During the year ended December 31, 2023, we financed our capital expenditure and working capital requirements mainly through bank and other borrowings, and capital contributions from shareholders of the Company (the “**Shareholders**”) and the proceeds received from the global offering of the Company’s shares in November 2021 (the “**Global Offering**”).

As at December 31, 2023, we had bank borrowings of approximately RMB10.0 million (2022: approximately RMB280.4 million). The range of effective interest rates on the borrowings was 3.5% to 6.0% (2022: 3.6% to 6.0%) per annum for the year ended December 31, 2023. The Group’s gearing ratio as at December 31, 2023, calculated based on total borrowings (including bank and other borrowings and lease liabilities) divided by total equity, was 0.02 (2022: 0.3) time.

Our cash and cash equivalents increased from approximately RMB288.7 million as of December 31, 2022 to approximately RMB719.4 million as of December 31, 2023, mainly due to the net cash inflows for our daily operating activities. The table below sets out our cash and cash equivalents as of December 31, 2023 and 2022, respectively:

	As of December 31,	
	2023	2022
	(RMB in millions)	
Cash and cash equivalents denominated in:		
– RMB	454.9	206.0
– USD	247.8	74.8
– HKD	16.7	7.9
	719.4	288.7



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### KEY FINANCIAL RATIOS

	Year ended/ As of December 31,	
	2023 (%)	2022 (%)
<b>Profitability ratios</b>		
Gross profit margin <sup>(1)</sup>	4.0	2.6
Net profit margin <sup>(2)</sup>	1.3	1.4
Return on equity <sup>(3)</sup>	6.6	8.6
Return on assets <sup>(4)</sup>	2.6	2.8

	Year ended/ As of December 31,	
	2023 (times)	2022 (times)
<b>Liquidity ratios</b>		
Current ratio <sup>(5)</sup>	1.6	1.5
<b>Capital adequacy ratio</b>		
Gearing ratio <sup>(6)</sup>	0.02	0.3
Net debt-to-equity ratio <sup>(7)</sup>	N/A	0.03

#### Notes:

- (1) Gross profit margin is calculated based on gross profit for the year divided by revenue for the respective year and multiplied by 100%.
- (2) Net profit margin is calculated based on profit for the year divided by revenue for the respective year and multiplied by 100%.
- (3) Return on equity is calculated based on profit for the year divided by the closing balances of total equity and multiplied by 100%.
- (4) Return on assets is calculated based on profit for the year divided by the closing balances of total assets and multiplied by 100%.
- (5) Current ratio is calculated based on total current assets divided by total current liabilities.
- (6) Gearing ratio is calculated based on total borrowings (including bank and other borrowings and lease liabilities) divided by total equity.
- (7) Net debt to equity ratio is calculated based on total borrowings (including bank and other borrowings and lease liabilities) less cash and cash equivalents and restricted cash divided by total equity. The Group is in a net cash position as at December 31, 2023 and hence is not applicable to present the net debt-to-equity ratio.



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. Ma Xiaohui (馬曉輝先生)**, aged 51, is the executive Director and the chairman of the Board and is mainly responsible for corporate strategic planning and overseeing the strategic business development of the Group. Mr. Ma established Uju Beijing, the main operating subsidiary of the Group on November 23, 2017 and has been the director of Uju Beijing ever since. He is also the director of Uju Hong Kong. Mr. Ma was appointed as a Director of the Company since its incorporation, being September 21, 2020, and was re-designated as an executive Director on March 31, 2021.

Mr. Ma has more than 14 years of relevant experience in marketing and advertising. Prior to establishing the Group, Mr. Ma has been the director and general manager of Guangzhou Uju Information Technology Co., Ltd (廣州市优矩信息科技有限公司) (“**Guangzhou Uju**”), a company principally engaged in online marketing for small and medium enterprises since October 2015, where he has been mainly responsible for corporate strategic planning. From August 2011 to May 2015, Mr. Ma served as the vice president of Guangzhou Vipshop Information Technology Co., Ltd. (廣州唯品會信息科技有限公司) (“**Guangzhou Vipshop**”), a company principally engaged in online retail business, where he was mainly responsible for formulating marketing strategies. Guangzhou Vipshop is a significant consolidated affiliated entity of Vipshop Holdings Limited (stock code: VIPS), a company whose shares are listed on the New York Stock Exchange. From October 2008 to August 2011, Mr. Ma served as the marketing vice president of Shenzhen Zoshow Network Technology Co., Ltd. (深圳走秀網絡科技有限公司), a company principally engaged in e-commerce business, where he was mainly responsible for formulating marketing strategies. From October 1998 to October 2008, Mr. Ma served as different positions, including journalist, chief editor and director, at some of the prominent media platforms.

Mr. Ma graduated from the Communication University of China (中國傳媒大學) (formerly known as Beijing Broadcasting Institute (北京廣播學院)) in July 1999. He also obtained an executive master of business administration (EMBA) degree from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2017.

**Mr. Peng Liang (彭亮先生)**, aged 42, is the executive Director and the chief executive officer of the Company and is mainly responsible for corporate strategic planning and overseeing the overall operations of the Group. Mr. Peng has been serving as the general manager and the chief executive officer of Uju Beijing since November 2017 and January 2018, respectively. He has also been the director of Qingdao Uju Technology Co., Ltd (青島优矩科技有限公司), Hainan Uju Technology Co., Ltd (海南优矩科技有限公司), and Chongqing Juqing Internet Technology Co., Ltd (重慶矩擎網絡科技有限公司) since the establishment of the respective subsidiaries. Mr. Peng was appointed as the executive Director of the Company on March 31, 2021. Mr. Peng has over 14 years of relevant experience in marketing.

Prior to joining the Group, Mr. Peng invested in Beijing Pangu Technology Co., Ltd. (北京盤股科技有限公司), a company principally engaged in providing internet customization and development services for the securities industry, in December 2015 and had been serving as its director since establishment until April 2021. Mr. Peng served as the general manager of the commercial market department and the general manager of the 360 mall of Beijing Star World Technology Company Ltd. (北京世界星輝科技有限責任公司), a company principally engaged in commercial marketing and operation of e-commerce platforms and the A shares of its parent company, namely 360 Security Technology Inc. (三六零安全科技股份有限公司), are listed on the Shanghai Stock Exchange (stock code: 601360), from March 2014 to October 2015, where he was mainly responsible for formulating marketing strategies for 360 mall and overseeing the sales of 360 smart hardware. From October 2012 to February 2014, Mr. Peng served as the senior vice president and press secretary of Beijing GOME Online E-commerce Co., Ltd. (北京國美在線電子商務有限公司), a company principally engaged in online retailing of electrical appliances and consumer electronic products and the H shares and American depository receipts of its parent company, namely GOME Retail Holdings Limited, are respectively listed on the Stock Exchange (stock code: 493) and the OTC Market in the United States (stock code: GMELY), where he was mainly responsible for formulating marketing strategies for Gome Internet (國美互聯網) and establishing and enhancing its big data system. From September 2010 to October 2012, Mr. Peng last served as the vice president of Kuba Technology (Beijing) Co., Ltd. (庫巴科技(北京)有限公司), a company principally engaged in online retailing of electrical appliances and consumer electronic products and a subsidiary of GOME Retail Holdings Limited, where he was mainly responsible for formulating marketing strategies for the coo8 shopping platform (庫巴購物網).



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. Peng obtained a master of business administration degree from China Europe International Business School (中歐國際工商學院) in the PRC in August 2015 and is currently pursuing a PhD program at China Europe International Business School in 2021.

**Ms. Luo Xiaomei (羅小妹女士)**, aged 45, is the executive Director and chief financial officer of the Company and is mainly responsible for developing financial strategies and overseeing financial operations of the Group. Ms. Luo was appointed as the executive Director on March 31, 2021.

Ms. Luo has over 21 years of relevant experience in accounting and finance. Prior to joining the Group, Ms. Luo served as a financial director of Beijing Hanxin Jinghong Management Consultancy Co., Ltd. (北京漢心景紅管理諮詢有限公司), a company principally engaged in provision of corporate consultancy services, from August 2016 to April 2018, where she was mainly responsible for enhancing the risk assessment and control system and establishing and managing the financial procedures and system. During the periods from February 2006 to May 2009 and from May 2009 to December 2015, Ms. Luo respectively worked in Alstom (China) Investment Co., Ltd. (通用電氣蒸汽發電投資有限公司) and Alstom Beizhong Power (Beijing) Co., Ltd. (北重阿爾斯通(北京)電氣裝備有限公司), a group of companies principally engaged in manufacturing power generation and transportation equipment, where she respectively last served as a financial project controller and as a financial director and was mainly responsible for overseeing the finance, budget, operational control and internal control of the company. From March 2003 to February 2006, Ms. Luo worked as an assistant to the chief financial officer of Clyde Bergemann Huatong Materials Handling Co., Ltd. (克萊德貝爾格曼華通物料輸送有限公司), a company primarily engaged in the design and manufacturing of coal-fired power station fly ash conveying system, where she was mainly responsible for analyzing the operation and financial condition of the company and preparing financial reports and budgets. During the periods from August 2002 to February 2003 and from July 2000 to June 2002, Ms. Luo respectively worked as an auditor in PricewaterhouseCoopers Zhong Tian and Andersen Certified Public Accountants (安達信•華強會計師事務所), where she was mainly responsible for performing audit work.

Ms. Luo graduated from Central University of Finance and Economics (中央財經大學) in the PRC with a bachelor degree in management majoring in foreign financial accounting in July 2000.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Zhang Peiao (張培鷺先生)**, aged 48, was appointed as the independent non-executive Director on October 8, 2021 and is mainly responsible for supervising and providing independent judgment to the Board. Mr. Zhang currently holds the following positions in the following companies:

Duration	Company	Business scope of the company	Position(s) held
August 2020 – Present	Yantai Ruijiu Medical Technology Co., Ltd. (煙臺瑞久醫療科技有限公司)	Sale of medical materials	Supervisor
August 2020 – Present	Yantai Huiyong Business Service Co., Ltd. (煙臺匯永商務服務有限公司)	Corporate management consultancy	Supervisor
August 2018 – Present	Shanghai Jujia Training School Co., Ltd. (上海聚嘉培訓學校有限公司)	Providing academic training to primary and secondary school students and vocational training	Supervisor
December 2017 – Present	Axie Capital Management Co., Ltd. (阿謝資本管理有限公司)	Direct investment, investment banking and fund management	Partner



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. Zhang served as a supervisor of Huasheng Medical Technology Co., Ltd. (化生醫療科技有限公司), formerly known as Yantai Bingke Medical Technology Co., Ltd. (煙臺冰科醫療科技股份有限公司), a company mainly engaged in sanitizing the medical air system, from December 2020 to January 9, 2022. Mr. Zhang was an independent non-executive director of Shanghai GreenShore Network Technology Co., Ltd. (上海綠岸網絡科技股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 430229) and is principally engaged in game software development, from January 2017 to September 2018. He also served as an executive director and the chief executive officer of Hang Tai Yue Group Holdings Limited (formerly known as Computech Holdings Limited), a company listed on the GEM of the Stock Exchange (stock code: 8081) and is principally engaged in mobile internet cultural business and provision of IT services, from January 2014 to November 2017. From June 2005 to December 2013, Mr. Zhang was the senior vice president of KuBao Information Technology (Shanghai) Co., Ltd. (酷寶信息技術(上海)有限公司), a company principally engaged in technology research and development, games add-value services and e-commerce and was responsible for the relevant operation and management, media relations, government relations and legal affairs.

Mr. Zhang graduated from the Shanghai Institute of Tourism (上海旅遊高等專科學校) in July 1997.

**Ms. Lin Ting (林霆女士)**, aged 54, was appointed as the independent non-executive Director on October 8, 2021 and is mainly responsible for supervising and providing independent judgment to the Board. In the past few years, Ms. Lin has/had held the directorship position in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Business scope of the listed company	Position(s) held
June 2022 – Present	Tibet Water Resources Ltd. (西藏水資源有限公司)	Main Board of the Stock Exchange (stock code: 1115)	A manufacturer of fast moving consumer drinks, mainly include water and beer	Independent non-executive director
June 2016 – Present	Finsoft Financial Investment Holdings Limited	GEM of the Stock Exchange (stock code: 8018)	(i) Provision of financial trading software solutions; (ii) provision of other IT and internet financial platforms services; (iii) money lending and (iv) provision of referral services and provision of corporate finance advisory services	Executive director
March 2017 – August 2017	Shanghai Changxin Corp., Ltd (上海長信科技股份有限公司)	National Equities Exchange and Quotations (stock code: 430611)	Mobile internet communications service	Director
December 2015 – June 2016	Hang Tai Yue Group Holdings Limited (formerly known as Computech Holdings Limited)	GEM of the Stock Exchange (stock code: 8081)	Mobile internet cultural business and provision of IT services	Independent non-executive director

Ms. Lin served as general manager in the logistics product department of China Eastern Airlines Co., Ltd. (中國東方航空股份有限公司), a joint stock limited company incorporated in the PRC with limited liability whose H shares are listed on the Stock Exchange (stock code: 670), A shares are listed on the Shanghai Stock Exchange (stock code: 600115) and American depository receipts are listed on the New York Stock Exchange (stock code: CEA), and the holding company of Eastern Airlines Logistics Co., Ltd., and was responsible for, among others, developing and executing strategies and solutions of air cargo and logistic information system, from April 2013 to January 2015.



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Ms. Lin was qualified as a project management professional by the Project Management Institute in March 2014. Ms. Lin obtained the certificate of secretary to the board of directors qualification issued by the Shanghai Stock Exchange in February 2017. Ms. Lin graduated from Shanghai University of Engineering Science (上海工程技術大學) with a bachelor degree in industrial enterprise management in July 1992. She also obtained a master degree in technology management in information technology from the Hong Kong University of Science and Technology in May 2004.

**Mr. Wang Wenping (王文平先生)**, aged 46, was appointed as the independent non-executive Director on October 8, 2021 and is mainly responsible for supervising and providing independent judgment to the Board.

In August 2022, Mr. Wang joined 3PEAK INCORPORATED (stock code:688536), a company's main business is the research and development and sales of analog integrated circuit chips, and has been serving as the chief financial officer since October 19, 2022. From April 2021 to June 2022, Mr. Wang served as the chief financial officer of Valuable Capital Group Ltd., a company principally engaged in providing online securities brokerage services, and is primarily responsible for formulating business plans and strategies and financial management. From August 2018 to April 2021, Mr. Wang served as an executive director of Fosun Tourism Group (復星旅遊文化集團), a company principally engaged in, among others, resort and destination operations and provision of tourism and leisure services and solutions, and listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1992). From April 2017 to April 2021, Mr. Wang also served as the vice president and the chief financial officer of Fosun Tourism Group. Mr. Wang has been primarily responsible for formulating business plans, strategies and major decisions and overseeing the financial management of Fosun Tourism Group.

Prior to that, Mr. Wang worked in Something Big Technology Holdings Limited (大事科技控股有限公司), a company principally engaged in developing and operating mobile games, from January 2014 to April 2017 as the executive director, chief financial officer and company secretary and was responsible for formulating business plans and strategies and overseeing financial management. From July 2000 to December 2013, Mr. Wang worked in Deloitte Touche Tohmatsu Certified Public Accountants LLP, where he last served as a senior audit manager.

Mr. Wang graduated from Xiamen University (廈門大學) with a bachelor degree in accounting in July 2000. He also obtained a master of business administration degree from China Europe International Business School (中歐國際工商學院) in the PRC in November 2018. He has been a non-practicing member of the Shanghai Institute of Certified Public Accountants (上海註冊會計師協會) since June 2015, and had been a practicing member from November 2002 to April 2015.



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

### SENIOR MANAGEMENT

**Ms. Zhao Ting (趙婷女士)**, aged 47, is the chief operating officer of the Company and is mainly responsible for overseeing the operations, information technology system and business development of the Group. Ms. Zhao has 22 years of experience in Internet marketing. Ms. Zhao joined the Group as the president of advertising business in July 2021 and has been appointed as the chief operating office since August 30, 2022. Before joining the Group, Ms. Zhao served as the General Manager of Guangdong Shenma Search Technology Co., Ltd. Beijing Branch (廣東神馬搜索科技有限公司北京分公司) from 2016 to 2021. From 2008 to 2015, Ms. Zhao worked at Beijing Baidu Netcom Science Technology Co., Ltd. (北京百度網訊科技有限公司), successively serving as the general manager of the sales department of the Key Account Department and the general manager of the commercialization and realization of mobile terminals. Prior to this, Ms. Zhao had 9 years of experience in the advertising industry, and was successively responsible for media strategy at a 4A advertising company Beijing Dentsu Advertising Co., Ltd. (北京電通廣告有限公司) and the vice president of the Internet advertising company Shanghai Haoye Declaration Co., Ltd. (上海好耶廣告有限公司).

Ms. Zhao graduated from China Europe International Business School (中歐國際工商學院) with a master degree in business administration in 2017.

**Ms. Meng Ran (孟冉女士)**, aged 39, is the chief media officer of the Company and is responsible for formulating cooperative strategies with media partners and managing the strategic development with key account customers. Ms. Meng has been serving as the chief media officer of Uju Beijing since January 2018. Prior to joining the Group, Ms. Meng served as a deputy general manager in the region of North China of Beijing Jishi and as a national operations director of Beijing Zoom Interactive Network Marketing Technology Co., Ltd. (北京品眾互動網絡營銷技術有限公司), a group of companies principally engaged in design, production and publication of advertisements and provision of information technology marketing and consultancy services, from May 2012 to August 2016 and from November 2009 to May 2012, respectively, where she was mainly responsible for formulating all-media marketing strategies and developing marketing plans. During the period of December 2007 to September 2009, Ms. Meng served as a media manager of Beijing Tensyn Digital Marketing Technology Joint Stock Company (北京騰信創新網絡營銷技術股份有限公司) (formerly known as Beijing Tensyn Interactive Advertising Co., Ltd. (北京騰信互動廣告有限責任公司)), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300392) and is principally engaged in providing online advertising and public relations services, where she was mainly responsible for managing media partners, exploring new media partners and maintaining cooperative relationship with media partners.

Ms. Meng graduated from the Communication University of China (中國傳媒大學) with a diploma majoring in film and video advertising in January 2008.



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

### COMPANY SECRETARY

**Mr. Hong Kam Le (康錦里先生) (“Mr. Hong”)**, aged 44, joined the Company as the company secretary and the authorized representative on October 31, 2022.

Mr. Hong was admitted as a solicitor in as a Hong Kong in September 2007 and has accumulated over 16 years of experience in the legal profession. Since November 2018, Mr. Hong has been a partner of DeHeng Law Offices (Hong Kong) LLP (formerly known as Chung’s Lawyers in association with DeHeng Law Offices) and previously served as a partner of Li & Partners from February 2016 to October 2018.

Mr. Hong was the company secretary and authorized representative of Kidztech Holdings Limited (stock code: 6918) from July 21 2022 to February 24, 2023. He was also the company secretary and authorized representative of Dadi International Group (stock code: 8130) from March 5, 2022 to February 28, 2023. Mr. Hong was the company secretary and authorized representative of Shengli Oil & Gas Pipe Holdings Limited, a company the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1080) from December 2013 to June 2021, and was the joint company secretary of Jujiang Construction Group Co., Ltd., a company the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1459) from September 2015 to July 2020. Since September, 2019, Mr. Hong has been serving as an independent non-executive director of Hong Kong Johnson Holdings Limited (stock code: 1955).

Mr. Hong obtained a bachelor of commerce degree and a bachelor’s degree in laws from the University of Sydney in June 2003 and May 2004 respectively, and a postgraduate certificate in laws from The University of Hong Kong in June 2005.



# CORPORATE GOVERNANCE REPORT

The Board hereby presents this Corporate Governance Report (the “**Corporate Governance Report**”) in the Company’s annual report for the year ended December 31, 2023.

## CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the Listing Rules as its governance code. The Company has always complied with all the applicable code provisions set out in the CG Code during the financial year ended December 31, 2023, save for the deviation from code provisions C.2.7 of the CG Code due to the reason below.

Regarding code provision C.2.7 of the CG Code, the Chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. During the financial year ended December 31, 2023, no meeting between the Chairman and the independent non-executive directors without other directors was arranged due to their hectic schedules. However, the Chairman was reachable by email or phone at all times whenever the independent non-executive directors would like to discuss any potential concerns and/or questions, and a follow-up meeting would be arranged if necessary.

The Company will continue to review and monitor its corporate governance practices in order to ensure the compliance with the CG Code, to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements, and to meet the rising expectations of the Shareholders and investors.

## COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the financial year ended December 31, 2023. The Company continues and will continue to ensure compliance with the code of conduct.

### A. DIRECTORS

#### A.1 Board of Directors

The Company is governed by the Board which is responsible for the leadership and control of the Group, overseeing and managing the Group’s businesses and corporate strategic planning. This is achieved by setting up corporate and strategic objectives and policies, and the monitoring and evaluations of operating activities and financial performance of the Group.

All the Directors carry out their duties in good faith and are in compliance with applicable laws and regulations, take decisions objectively and act in the interests of the Company and its Shareholders at all times.

Formal service agreements and letters of appointment have been entered into with the executive Directors and the independent non-executive Directors respectively setting out the key terms and conditions of their respective appointments. The term of office of each Director is three years, subject to re-election.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

The insurance cover in respect of legal action against the Company's Directors and senior officers is covered by the existing Directors & Officers Liability Insurance Policy of the Company.

Save as disclosed in the biographies of Directors and Senior Management are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report, to the best knowledge of the Directors, there is no personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors, the Chairman of the Board and the chief executive of the Company.

### A.2 Board composition

The Board currently comprises of the following Directors:

#### Executive Directors

Mr. Ma Xiaohui (*Chairman*)

Mr. Peng Liang (*Chief executive officer*)

Ms. Luo Xiaomei (*Chief financial officer*)

#### Independent Non-Executive Directors

Mr. Zhang Peiao

Ms. Lin Ting

Mr. Wang Wenping

The biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report. The Company considers that the composition of the Board is well balanced. Each of the Directors has the relevant experience, knowledge and expertise that can contribute to the business of the Company. The executive Directors oversee the daily operations of the Group while the independent non-executive Directors bring along independent judgment to the decision-making process of the Board.

During the period from January 1, 2023 to December 31, 2023, the Company has complied with Rules 3.10(1) and (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors, representing more than one-third of the Board and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. All independent non-executive Directors also meet the guidelines for assessment of their independence pursuant to Rule 3.13 of the Listing Rules. The Company has received a confirmation of independence from each of the independent non-executive Directors as required under the Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent.

### A.3 Chairman and Chief Executive

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

### A.4 Responsibilities and delegation of functions

The Company has formalised and adopted written terms on the division of functions reserved to the Board and those delegated to the management of the Company. The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

All Directors have full and timely access to the relevant information of the Group as well as the advice and services of the company secretary (the “**Company Secretary**”) and senior management of the Company, in order to ensure compliance with the Board procedures and all applicable laws and regulations. Any Director may request independent professional advice in appropriate circumstances at the Company’s expense, upon reasonable request being made to the Board. The Board has delegated the responsibility for implementing its corporate strategies and the day-to-day management, operation and administration to the management of the Company under the leadership of the executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal control, communication with Shareholders, Board composition, delegation of authority and corporate governance. The Board periodically reviews the delegated functions and work tasks. Prior to entering into any significant transactions, the aforesaid officers have to obtain the Board’s approval.

The Board recognizes that corporate governance should be the collective responsibility of the Directors which includes:

- (1) to develop and review the policies and practices on corporate governance of the Company and make recommendations to the Board;
- (2) to review and monitor the training and continuous professional development of Directors and senior management;
- (3) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees;
- (5) to review the Company’s compliance with the CG Code and disclosure in the corporate governance report of the Company; and
- (6) to review and monitor the Company’s compliance with the Company’s whistleblowing policy and anti-corruption policy.

### A.5 Appointment, re-election and removal of Directors

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

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

Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

### A.6 Board meetings, general meetings and procedures

Pursuant to the CG Code, at least four regular Board meetings should be held in each year. The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. From January 1, 2023 to December 31, 2023, four Board meetings were held and one general meeting was held.

The attendance records of each Directors are set out below:

	Number of meetings attended in person/ number of Board meetings/ number of general meeting
Mr. Ma Xiaohui	5/4/1
Mr. Peng Liang	5/4/1
Ms. Luo Xiaomei	5/4/1
Mr. Zhang Peiao	5/4/1
Ms. Lin Ting	5/4/1
Mr. Wang Wenping	5/4/1

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly.

Schedules for regular Board meetings and meeting agenda are sent to all Directors in advance. Notice of at least 14 days is given for a regular Board meeting. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and relevant information are dispatched to all Directors at least three days before each regular Board meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

The Company Secretary is responsible for keeping minutes of all Board and committee meetings. Draft minutes are normally circulated to all Directors for comments within a reasonable time after each meeting and the final version is open to Directors for inspection. The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

### A.7 Continuous professional development

All Directors have been given relevant guideline materials regarding the responsibilities and obligations of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Company and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors to ensure that he or she has a proper understanding of the operation and business of the Company and full awareness of Directors' responsibilities and obligation under the Listing Rules and relevant statutory requirements. All Directors have been provided monthly updates giving a balanced and understandable assessment of the Group's performance, financial position and prospects to keep the Directors' abreast of the Group's affairs in order to discharge their duties. All Directors are also updated from time to time on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices, as set out in their respective terms of reference which are available on the websites of the Stock Exchange and the Company.

From January 1, 2023 to December 31, 2023, all Directors had participated in continuous professional development in the following manner in compliance with code provision C.1.4 of the CG Code:



## CORPORATE GOVERNANCE REPORT (CONTINUED)

Name of Directors	Type of training
Mr. Ma Xiaohui	B
Mr. Peng Liang	B
Ms. Luo Xiaomei	B
Mr. Zhang Peiao	B
Ms. Lin Ting	B
Mr. Wang Wenping	B

A: attending seminars/courses/conference to develop professional skills and knowledge

B: reading materials in relation to regulatory update

### A.8 Corporate governance functions

As mentioned in the paragraph A.4 “Responsibilities and delegation of functions” of this report, the Board is responsible for performing the corporate governance duties. During the year, the Board has reviewed the Company’s policies and practices on corporate governance and compliance with the CG Code, reviewed and monitored the continuous professional development of the Directors and also reviewed and monitored the Company’s policies and practices on compliance with legal and regulatory requirements.

## B. BOARD COMMITTEES

The Board has established three Board committees, namely, the Audit Committee, the Nomination Committee, and the Remuneration Committee, to assist them in the efficient implementation of their functions and to oversee particular aspects of the Company’s affairs. Specific responsibilities, as set out in their respective terms of reference which are available on the websites of the Stock Exchange and the Company, have been delegated to the above committees and the corporate governance duties as required under code provision A.2 Principle of the CG Code have been performed. All committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expense.

### B.1 Audit Committee

The Audit Committee was established by the Company on October 8, 2021 in accordance with Rules 3.21 to 3.23 of the Listing Rules. The terms of reference of the Audit Committee was adopted in compliance with the CG Code on October 8, 2021. The primary duties of the Audit Committee are mainly to (i) review the Company’s financial information and monitor the integrity of the Company’s financial statements, annual report and accounts, half-year report, and quarterly reports (if prepared for publication) and to review significant financial reporting judgments contained therein before submission to the Board; (ii) manage the relationship with the external auditors, including but not limited to making recommendation to the Board on the appointment, reappointment and removal of external auditors, reviewing and monitoring the external auditors’ independence and objectivity and the effectiveness of the audit process, discussing with the auditors the nature and scope of the audit and reporting obligations, and developing and implementing policy on engaging an external auditor to provide non-audit services; (iii) overseeing the Company’s financial reporting system, risk management and internal control systems and associated procedures; and (iv) develop, review and monitor the Company’s policies and practices on corporate governance issues, including but limited to training and continuous professional development of Directors and senior management, and the Company’s compliance with legal and regulatory requirements and the CG Code.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

As of December 31, 2023, the Audit Committee has three members comprising Mr. Wang Wenping (Chairman), Mr. Zhang Peiao and Ms. Lin Ting, all of whom are independent non-executive Directors. During the period from January 1, 2023 to December 31, 2023, the Audit Committee held three meetings and the work performed by the Audit Committee was summarised as follows:

- (1) reviewed the Company's annual results announcement for the year ended December 31, 2023;
- (2) reviewed the Company's annual report for the year ended December 31, 2023, which sets out the Group's accounting policies, financial performance and position;
- (3) reviewed the findings and recommendations from external auditors;
- (4) reviewed the independence of the external auditors and engagement of external auditors;
- (5) reviewed the audit plan, internal control plan, the development in accounting standards and their effects on the Group, financial reporting and risk management matters;
- (6) reviewed the adequacy of resources, qualifications and experience of staff in the Group's accounting and financial reporting functions; and
- (7) reviewed the effectiveness of the Group's risk management and internal control systems.

The attendance records of each committee members are set out below:

	Number of attendance/Number of meetings
Mr. Wang Wenping ( <i>Chairman</i> )	3/3
Mr. Zhang Peiao	3/3
Ms. Lin Ting	3/3

The Company's annual report and annual results announcement for the year ended December 31, 2023 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

### B.2 Nomination Committee

The Company has established the Nomination Committee on October 8, 2021 with written terms of reference in compliance with the CG Code. The terms of reference was adopted in compliance with the CG Code on October 8, 2021. The primary duties of the Nomination Committee are to (i) review the structure, size, composition and diversity (including without limitation, professional experience, skills, knowledge, age, gender, education, cultural background and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) determine the policy for the nomination of Directors, identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships, and in identifying suitable individuals, consider individuals on merit and against the object criteria, with due regard for the benefits of diversity on the Board; (iii) assess the independence of independent non-executive Directors; (iv) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and chief executive officer of the Company, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future; and (v) review the board diversity policy (the "**Board Diversity Policy**"), the measurable objectives that the Board has set for implementing such policy, and the progress on achieving the objectives, and make disclosure of its review results in the corporate governance report annually.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

As of December 31, 2023, the Nomination Committee has four members comprising of one executive Director, Mr. Ma Xiaohui (Chairman) and three independent non-executive Directors, namely Mr. Zhang Peiao and Ms. Lin Ting and Mr. Wang Wenping.

During the period from January 1, 2023 to December 31, 2023, the Nomination Committee held one meeting and the work performed by the Nomination Committee was summarised as follows:

- (1) reviewed and confirmed the structure, size and composition of the Board and the split between number of executive Directors and independent non-executive Directors remained appropriate for the Board to perform its duties;
- (2) reviewed and confirmed the Board has a diverse mix of skills, knowledge, experience and gender;
- (3) reviewed the Board Diversity Policy; and
- (4) formulated the nomination policy (the “**Nomination Policy**”) and made a recommendation to the Board for adoption.

The attendance records of each committee members are set out below:

	Number of attendance/Number of meetings
Mr. Ma Xiaohui ( <i>Chairman</i> )	1/1
Mr. Zhang Peiao	1/1
Ms. Lin Ting	1/1
Mr. Wang Wenping	1/1

### Board Diversity Policy

The Board adopted a Board Diversity Policy on October 8, 2021. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board.

The Company commits to selecting the best person for the role. Selection and nomination of candidates will be based on a range of diversity perspectives, including but not limited to professional experience, skills, knowledge, age, gender, education, cultural background and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. Nomination Committee had made recommendations to the Board on the measurable objectives for implementing the Board Diversity Policy and nomination policy.

The Nomination Committee has considered measurable objectives based on four focus areas: gender, age, professional experience and length of service to implement the Board Diversity Policy. Such objectives will be reviewed from time to time as and when appropriate and at least once a year to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

After reviewing the implementation of the Board Diversity Policy, the Company considers that it has been effectively implemented. As of December 31, 2023, the Company has achieved the following measurable objectives set out in the Board Diversity Policy:

- There is at least one female member in the Board: As of December 31, 2023, the Board has two female members and four male members, allowing the Company to achieve the gender diversity of the Board at 33.3%.
- There should be a reasonable age structure among members of the Board: As of December 31, 2023, members of the Board have a reasonable age structure, with five directors aged 40 to 50 and one director aged 51 to 60.
- Members of the Board should possess relevant professional experience: As of December 31, 2023, members of the Board possess wide range of professional experience, including but not limited to corporate strategic planning, corporate management, finance and financial affairs.

The Nomination Committee will review the Board Diversity Policy as and when appropriate and at least once a year to ensure its continued effectiveness from time to time.

### Nomination Procedures

The Nomination Committee identifies individuals suitably qualified to become Board members, having due regard to the Board Diversity Policy, nomination policy and the needs of the Company by considering the skills, knowledge, experience, expertise, etc. of the proposed candidate and assesses the independence of the proposed independent non-executive director, as the case may be. The Nomination Committee then makes recommendation(s) to the Board. The Board considers the candidate(s) recommended by the Nomination Committee, having due regard to the Board Diversity Policy, nomination policy and the needs of the Company. The Board will then confirm the appointment of the candidate(s) as Director(s) or recommends the candidate(s) to stand for re-election at a general meeting of the Company. Candidate(s) appointed by the Board will be subject to re-election by the Shareholders at the next following annual general meeting in the case of an addition to the existing Board or the first general meeting of the Company after his/her appointment in the case of filling a casual vacancy in accordance with the Articles of Association.

### Gender Diversity of Employees

The Company strives to achieve gender diversity and gender equality in the workforce (including senior management). As of December 31, 2023, the total workforce of the Company comprised 243 male and 333 female. The Company considers that gender diversity in the workforce has been achieved in 2023.

### B.3 Remuneration Committee

The Company established the Remuneration Committee on October 8, 2021 with written terms of reference in compliance with the CG Code. The terms of reference was adopted on October 8, 2021 and updated on December 28, 2022. The Remuneration Committee adopted the approach under code provision E.1.2(c) (ii) of the CG Code to make recommendations to the Board on the remuneration packages of individual Directors and senior management. The primary duties of the Remuneration Committee are to (i) make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) make recommendations to the Board on the remuneration packages of individual executive Directors and senior management; and (iv) make recommendations to the Board on the remuneration of non-executive Directors.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

As of December 31, 2023, the Remuneration Committee has three members comprising three independent non-executive Directors, Ms. Lin Ting (Chairman), Mr. Zhang Peiao and Mr. Wang Wenping. The remuneration of the Directors was determined with reference to the salaries paid by comparable companies and the experience, responsibilities, workload, time devoted to the Group and individual performance of the Directors, as well as the performance of the Group.

During the period from January 1, 2023 to December 31, 2023, the Remuneration Committee held one meeting and the work performed by the Remuneration Committee was summarised as follows:

- (1) made recommendations to the Board on the remuneration packages of Directors, senior management and employees of the Group;
- (2) reviewed the appropriateness of the remuneration policy;
- (3) evaluated the performance of Directors and senior management of the Group;
- (4) reviewed and approved the terms of service contracts of the executive directors; and
- (5) reviewed and approved the adoption of the Share Award Scheme.

The attendance records of each committee members are set out below:

	Number of attendance/Number of meetings
Ms. Lin Ting ( <i>Chairman</i> )	1/1
Mr. Zhang Peiao	1/1
Mr. Wang Wenping	1/1

Pursuant to code provision E.1.5 of the CG Code, the details of the remuneration of the senior management (including executive directors) of the Company for the year ended December 31, 2023 was set out in Note 37 "Benefits and Interests of Directors" to the consolidated financial statements. The range of remuneration are as follows:

Range of Remuneration (RMB)	Number of Senior Management
1–500,000	1
1,500,001–2,000,000	2
3,000,001–3,500,000	1
4,000,001–4,500,000	1

### C. DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibilities for preparing the Company's financial statements for each financial year and to ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements in accordance with statutory and/or regulatory requirements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement by the auditor of the Company about their reporting responsibilities and opinion on the financial statements is set out in the Independent Auditor's Report on pages 74 to 79 of this annual report.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

### D. RISK MANAGEMENT AND INTERNAL CONTROL

During the year ended December 31, 2023, the Company has complied with Paragraph D.2 of the CG Code by establishing appropriate and effective risk management and internal control systems. The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The management is responsible for designing, implementing and monitoring the risk management and internal control systems while the Board oversees the management in performing its duties on an on going basis. The risk management and internal control systems are reviewed annually.

The management, under the supervision of the Board, has implemented and maintained appropriate and effective risk management and internal control system, which aims to manage and reduce (i) risks associated with the Group's daily operations; (ii) risks of failing to achieve business objectives; (iii) risks of asset misappropriation; and (iv) risks of making potential material misstatements or losses. However, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatements or losses. Main features of the risk management and internal control systems are described in the sections below:

#### Risk Management System

The Company adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Risk identification: Identify risks that could potentially affect the Group's operation and business.
- Risk evaluation: Analyze the likelihood and impact of risks on the Group's business and evaluate the risk portfolio accordingly.
- Management: Determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks; monitor the risks on an on-going basis and ensure effective and appropriate internal control processes are in place; report the results and effectiveness of risk management and internal control to the Board regularly.

With regard to the principal risks encountered by the Group, please refer to the paragraph headed "Principal Risks and Uncertainties" under the "Report of the Directors" set out in this annual report.

#### Internal Control System

The Company has in place an internal control system which enables the Company to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the internal control system framework are shown as follow:

- Control Environment: A set of standards, processes and structures has been implemented to provide the basis for carrying out internal control across the Group.
- Risk Assessment: A dynamic and iterative process for identifying, assessing and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- Information and Communication: Regular and effective internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- Monitoring: Ongoing and separate evaluations to ascertain the existence and effective operation of each component of the internal control system.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

In order to enhance the Company's system of handling and disseminating inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Company also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that potential inside information being captured and confidentiality of such information being maintained in order to prevent a breach of a disclosure requirement in relation to the Company, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Company enters into significant negotiations.
- Reporting channels are in place for different operating units to report any potential inside information to designated departments.
- The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors and to respond to external enquiries.

Based on the internal control reviews conducted in 2023, no significant internal control deficiency was identified.

### Internal Audit Function

The company does not have an internal audit department. The Board reviewed the current situation of the Group and considered that close involvement of the management in daily operations can provide the Group with adequate risk management and internal control, so there is no urgent need to establish an internal audit department. If any significant internal control deficiencies are found in the Group, the Board will review the need to establish an internal audit department.

### Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for overseeing the implementation and managing the risk management and internal control systems of the Company and ensuring review of the effectiveness of these systems has been conducted annually. The review covered all material controls of the Group, including financial, operational and compliance controls. Several areas have been considered during the Board's review, including but not limited to (i) the changes in the nature and extent of significant risks (including ESG risks) since the last annual review, and the Company's ability to respond to changes in its business and the external environment; (ii) the scope and effectiveness of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems; and (iii) the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

The Board, through its review and the review made by its internal control department and the Audit Committee, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

### E. INDEPENDENT AUDITOR'S REMUNERATION

The remuneration paid/payable to the independent auditor of the Company for the year ended December 31, 2023 is set out as follows:

Services rendered	Paid/payable RMB'000
Audit services	2,950
Non-audit services	
— Advisory of the Environmental, Social and Governance Report of the Company and other service	170
<b>Total</b>	<b>3,120</b>

### F. COMPANY SECRETARY

The company secretary is responsible for supervising the company secretary work of the group. Mr. Hong was appointed as the company secretary and authorized representative of our company on October 31, 2022. According to Article 3.29 of the Listing Rules, Mr. Hong confirms that he has received no less than 15 hours of relevant professional training for the year ended December 31, 2023.

Ms. Luo Xiaomei, an executive Director and chief financial officer of the Company, is the primary corporate contact person at the Company.

### G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board believes that a transparent and timely disclosure of the Company's information is essential for enhancing investor relations and will enable the Shareholders and investors to make the best investment decision and to have better understanding of the Company's business performance and strategies. The Company endeavours to maintain an on-going dialogue with the Shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board and the chairmen of the Board committees will endeavour to meet the Shareholders at the general meetings to answer any questions raised by the Shareholders.

The Company has adopted a Shareholders Communication Policy on October 8, 2021 (the "**Shareholders Communication Policy**") to ensure that Shareholders' views and concerns are appropriately addressed, which will be reviewed on a regular basis annually to ensure its effectiveness. The Shareholders Communication Policy is available on the Company's website for public access.

The Company also maintains a website at [www.ujumedia.com](http://www.ujumedia.com) where corporate communication documents, other documents issued by the Company which are published on the website of the Stock Exchange, constitutional documents, corporate information, other corporate publications and up-to-date information and updates of the Company's operations, performances and strategies are available to public access. The Company's website serves as a communication platform with the Shareholders and investors.

The Shareholders and investors may also write directly to the Company's principal place of business and headquarters in China at 4/F, Building G, Dongfengdebi WE AI Innovative Park, 8 Dongfeng South Road, Chaoyang District, Beijing, the PRC or via email to [ir@ujumedia.com](mailto:ir@ujumedia.com) to make any queries. Queries are dealt with in an informative and timely manner.

As of December 31, 2023, the Company has complied with the Shareholder Communication Policy. The Company considers the Shareholder Communication Policy has been effectively implemented as the Company is able to communicate with shareholders timely regarding the information of the Company, such as information on general meetings and other matters, while shareholders can contact the Company in a timely manner through the communication channels published on the Company's website.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

### H. SHAREHOLDERS' RIGHTS

#### **Procedures for convening extraordinary meeting or class meeting on requisition**

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

There are no provisions in the Articles of Association or the Cayman Islands Companies Law for the Shareholders to propose new resolutions at general meetings. Shareholders who wish to propose a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

#### **Procedures for raising enquiries**

The Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, details of which are as follows:

##### **Tricor Investor Services Limited**

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

Email: [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com)

Tel: (852) 2980 1333

Fax: (852) 2810 8185

The Shareholders may at any time make any queries in respect of the Company at the following designated contacts, correspondence address, email address(es) and enquiry hotline(s) of the Company:

Attention: Board of Directors

Address: 4/F, Building G, Dongfengdebi WE AI Innovative Park, 8 Dongfeng South Road, Chaoyang District, Beijing, the PRC

Email: [ir@ujumedia.com](mailto:ir@ujumedia.com)

Tel: +86 10 6464 2557

Fax: +86 10 6464 2557

The Shareholders are reminded to lodge their queries together with their detailed contact information for the prompt response of the Company if it deems appropriate.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

Pursuant to article 113 of the Articles of Association, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the principal place of business of the Company or at the Hong Kong branch share registrar and transfer office of the Company. The period for lodgment of the notices required under this article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

The procedures for Shareholders to propose a person for election as a Director is posted on the website of the Company. Shareholders or the Company may refer to the above procedures for putting forward any other proposals at general meetings.

### CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company (the “**Memorandum and Articles of Association**”) have not changed for the year ended December 31, 2023. The Memorandum and Articles of Association are available for reference on the respective websites of our company and the Hong Kong Stock Exchange.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. ABOUT THIS REPORT

This report aims to objectively and fairly reflect the environmental, social and governance (ESG) performance of UJU HOLDING LIMITED (hereinafter the “**Company**”) and its wholly-owned subsidiaries (hereinafter the “**Group**” or “**we**”) in 2023. It is recommended that the governance section be read in conjunction with the *Corporate Governance Report* section in the 2023 Annual Report.

### Reporting Boundary

Unless otherwise stated, this report covers the ESG performance of businesses directly operated and managed by the Group. This report covers the period from 1 January 2023 to 31 December 2023 (the “**Reporting Period**” or the “**Year**”), some content may be outside this scope.

### Basis of Reporting Preparation

This report is prepared in accordance with the requirements of the *Environmental, Social and Governance Reporting Guide* (the “**ESG Reporting Guide**”) set out in Appendix C2 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “**Hong Kong Stock Exchange**”), and follows the principles of “materiality”, “quantitative”, “balance” and “consistency” set out in the *ESG Reporting Guide*.

**Materiality:** We conduct materiality assessment in accordance with the *ESG Reporting Guide*. Our work procedures include: (i) identifying relevant ESG issues; (ii) assessing the materiality of issues; and (iii) reviewing and confirming the assessment process and results by the Board. We report ESG issues based on the results of the materiality assessment. For details of the materiality assessment, please refer to the section headed “Stakeholder Engagement” below.

**Quantitative:** This report follows the *ESG Reporting Guide*, refers to applicable quantitative standards and practices and adopts quantitative methods to measure and disclose applicable key performance indicators. The measurement standards, methods, assumptions and/or calculation tools of the key performance indicators in this report, as well as the source of conversion factors used, have been described in the corresponding locations (where applicable). For details of relevant environmental objectives, please refer to the section headed “Green Operation” below.

**Balance:** This report discloses both positive and negative information objectively to ensure the presentation of an unbiased picture of the Group’s ESG performance during the Reporting Period.

**Consistency:** This report maintains consistency in disclosure scope and period, facilitating long-term assessment of the Group’s ESG performance by investors and stakeholders. Changes in this report that may affect meaningful comparisons with previous reports, if any, have been described in the corresponding sections.

### Source of Information and Reliability Assurance

The information and cases in this report are mainly from statistical data and relevant documents. The Group undertakes that this report does not contain any false information or misleading statement, and is responsible for the truthfulness, accuracy, and completeness of its contents.

### Access and Response to the Report

This report is available in Traditional Chinese and English for readers’ reference. In case of any inconsistency, the Traditional Chinese version shall prevail. The electronic version is available on the website of Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and that of the Group at <https://www.ujumedia.com>. If you have any comments or suggestions on the Group’s ESG management, please contact us by email [ir@ujumedia.com](mailto:ir@ujumedia.com). We look forward to receiving your valuable opinions.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### 2. STATEMENT OF THE BOARD

The Board supervises the Group's ESG-related matters, confirms the Group's ESG governance structure and strategy, and assumes full responsibility for the Group's ESG matters. An ESG working committee has been established by the Group as the ESG management body to conduct daily management on ESG matters and report to the Board. At the ESG execution level, the ESG execution team formed by members from each functional department is responsible for the development, implementation and execution of various ESG strategies.

The Group attaches great importance to the potential impact of ESG-related risks on the Group and any opportunities thereof. The Board oversees the assessment of ESG-related risks and opportunities, and ensures that appropriate and effective ESG risk management and internal supervision systems are in place. The Group has formulated an ESG management strategy to assess the potential impact of ESG-related risks on our overall strategy, and the Board carries out regular review on the ESG management strategy. The Group has conducted a materiality analysis of ESG-related issues concerned by stakeholders, and the Board has participated in the evaluation, priority and management of important ESG issues.

The Group has set environmental targets that are relevant to its business and the Board regularly reviews the progress of achieving the targets.

### 3. ESG GOVERNANCE

#### 3.1 ESG Management

As the market leader in domestic online short video marketing solutions, the Group adheres to the concept of "excellent quality, very reliable" by deeply cultivating the short video ecosystem, and is committed to developing with high quality while actively fulfilling our corporate social responsibilities; integrating ESG management into our daily operations; promoting green operations; adhering to the people-oriented principle; optimising products and services; strengthening supplier management; paying attention to incorrupt operation and community investment; and continuously improving the Group's ESG performance. At the same time, we communicate our ESG philosophy to stakeholders, and it is our hope to work together with stakeholders to implement ESG philosophy and promote the sustainable development of the industry and that of ourselves.

#### 3.2 Stakeholder Engagement

The Group attaches great importance to the communication with stakeholders and has established an effective communication mechanism and diversified communication channels by keeping abreast of the concerns and feedback of stakeholders, evaluating the Group's ESG performance objectively and comprehensively, and adopting practical actions to respond to the expectations of stakeholders in a targeted manner.

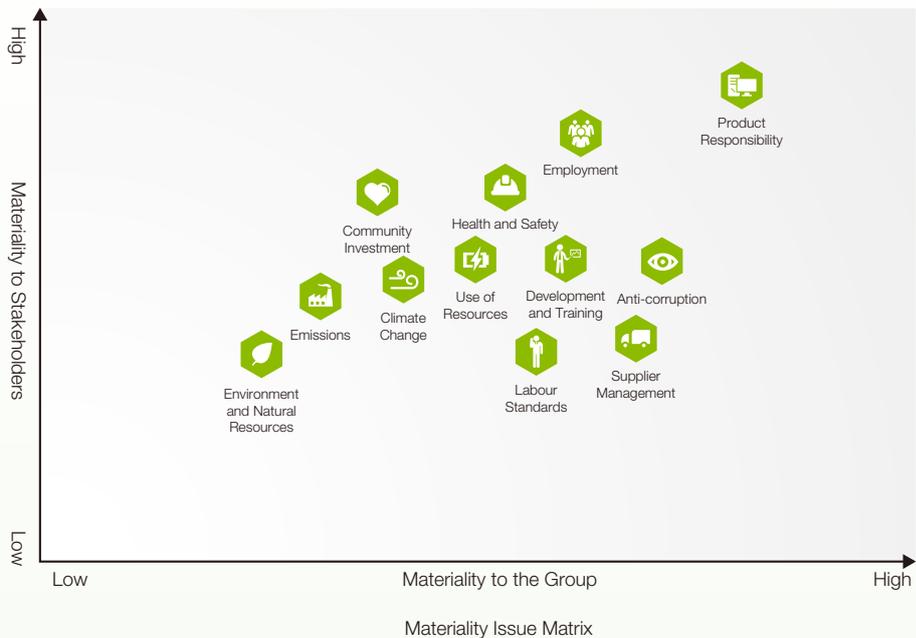
Stakeholders	Key Concerns	Communication channels
Government and regulatory authorities	Product Responsibility, Anti-corruption, Emissions, Employment, Health and Safety	Official correspondence Policy consultation Featured reports Information disclosure
Shareholders and investors	Product Responsibility, Anti-corruption, Use of Resources, Climate Change	General Meetings Internal announcements Announcements and circulars Company activities
Employees	Employment, Labour Standards, Health and Safety, Development and Training	Communication meetings Internal announcements Employee feedback mechanism



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Stakeholders	Key Concerns	Communication channels
Customers	Product Responsibility, Anti-corruption, Use of Resources	Customer service feedback Customer feedback activities Membership services Exhibitions Satisfaction survey
Suppliers	Supplier Management, Anti-corruption	Supplier cooperation negotiations and cooperation agreements Regular communication Business meetings
Media and Non-Government Organisations	Product Responsibility, Emissions, Use of Resources, Climate Change, Employment, Community Investment	Social media Press conference Press interviews Advertising
Community	Community Investment	Public welfare activities Community activities Company website and announcements

On the basis of relevant ESG guidelines, we identified ESG issues based on the communication results with various stakeholders, macro policies, and social concerns; analysed the importance of relevant ESG issues; and obtained the Group’s materiality assessment matrix to ensure that the information disclosed in this report fully covers the key issues of concern to the Group and stakeholders.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### 4 GREEN OPERATION

The Group strictly follows the requirements set out in the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China* and other environmental protection laws and regulations; actively implements green workplace policies; promotes a number of energy-saving and consumption-reducing measures; strengthens emissions control, pays attention to low-carbon development and climate change, continuously improves employees' awareness of environmental protection, and fully promotes green operations.

#### 4.1 Resource Conservation

The resources used in the Group's daily operations mainly include electricity, gasoline, diesel oil and water. To improve the efficiency of resource utilisation, the Group has formulated the *Enterprise Energy Conservation and Emission Reduction Management Regulation* to guide resource-saving and the effective use of resources and promote the meticulous energy consumption management in the office area. During the Year, our resource conservation measures mainly include:

<b>Electricity management</b>	Set the weather conditions and temperature of air conditioners to ensure high effective use of air conditioners, and regularly clean the fan coils, filters, and other devices of the air conditioning system.
	Make sure computers, printers, fax machines, photocopiers and other equipment shall only be turned on when necessary or set to automatic energy conservation status, so as to reduce and avoid the electrical equipment being in standby mode for a long time, while at the same time turn off the power of various electrical appliances consciously after work.
	The administrative department arranges special personnel to inspect the meeting room in the morning and in the afternoon on a daily basis, and turn off the lights and lamps in the unoccupied meeting rooms.
	Eliminate high-energy-consuming lamps and opt for energy saving lamps before or when replacing lamps.
<b>Water management</b>	Strengthen the daily maintenance and management of water equipment, regularly check and repair water taps, water heaters and water supply facilities, and prevent leakage and long-flowing water.
	Strengthen the awareness of water conservation and use energy-saving faucets and water-saving toilets.
<b>Reduce paper usage in office</b>	Reuse printing wastepaper and promote double-sided printing unless necessary.
	Promote the mode of online workspace, and make all daily office process approval online.

In order to ensure the effective implementation of management measures, we have arranged for relevant personnel to conduct regular inspections and maintenance. At the same time, the Group actively carried out publicity activities of resource conservation, posted promotional slogans in the office, promoted green mobility, enhanced employee awareness of environmental protection of energy and water conservation, so as to practise green life together.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### 4.2 Emissions Management

Based on the business operation model of the Group, the emissions generated by us are mainly greenhouse gases, hazardous waste (such as waste toner cartridges and ink cartridges) and non-hazardous waste (such as office waste and kitchen waste). We abide by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, the *Administrative Measures for Environmental Pollution by Wastes* and other laws and regulations, strictly regulate emissions management, reduce the amount of greenhouse gases and wastes generated in a committed manner, and reduce the pressure on the ecological environment.

For non-hazardous waste, we strictly follow the waste classification requirements of the operating sites where the offices are located and arrange cleaning staff to classify and collect the office waste and kitchen waste generated in the offices on a daily basis, which will be sent to the designated collection stations in the office area after classification, and then transported by municipal department for harmless treatment. For hazardous waste, we collect and store them separately, and hand them over to qualified third-party companies for recycling. In addition, we actively promote waste classification knowledge and encourage employees to classify household waste.

### 4.3 Response to Climate Change

In the face of frequent extreme weather events across the globe and their increasing impact on social economic activities, we are well aware of the potential risks brought by climate change. In this regard, we actively respond to the green and low-carbon policies, keep close abreast with the development trend of the industry, actively seek the opportunities of low-carbon transformation, and enhance the sustainable development of the Group.

Extreme weather caused by climate change, such as floods, snowstorms and typhoons, may threaten our business continuity and pose challenges to the protection of employees' health and safety. At the same time, the chronic risks brought by climate change, such as extreme temperature, drought, and climate abnormalities, may increase the energy consumption of the Group's office operations and operating costs. In order to avoid and minimise any property loss and casualties caused by extreme weather, we understand the information of adverse weathers, such as rain, snow, fog and ice, in a timely manner, publish information in a timely manner according to the requirements of relevant management departments, conduct in safety inspection during adverse weather periods, arrange safety inspections on various departments and safety publicity, and ensure safe and efficient operations under extreme weather. In order to cope with the extreme rain and snow, we lay anti-slip mats in the office area, while transforming step ladders into anti-slip step ladders.

Under the long-term trend of developing green economy and low-carbon transformation, in order to maintain compliance operation, we have arranged dedicated personnel to track and interpret laws, regulations and policies, and conduct risk assessment on the Group's business. In order to practise low-carbon operation, when purchasing office electronic products such as computers, printers and air conditioners, we will give priority to equipment with lower energy efficiency. We have also produced and published short videos and other multimedia contents in order to promote green and sustainable philosophy and improve the public's environmental protection and low-carbon awareness.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### 4.4 Environmental Targets and Performance

As our operation does not involve production of physical products, we consider that our operation exerts a limited impact on the environment and natural resources. In order to further implement the Group's concept of energy conservation and emission reduction, optimise resource allocation, and promote energy conservation and carbon reduction and continuous improvement of the ecological environment, we have formulated clear environmental targets, and implement a continuous monitoring and evaluation mechanism.

Relevant environmental targets	Fulfilment of performance targets
<p><b>Energy saving and emission reduction targets:</b></p> <ul style="list-style-type: none"> <li>Newly purchased computers, mobile phones, printers, network equipment and other electronic equipment meet the level 1 energy efficiency requirements;</li> <li>Adopt LED energy-saving lamps for newly renovated office areas or replacement;</li> </ul> <p><b>Water-saving targets:</b></p> <ul style="list-style-type: none"> <li>Use energy-saving taps and energy-saving flush toilets;</li> </ul> <p><b>Waste reduction targets:</b></p> <ul style="list-style-type: none"> <li>Supervise employees to achieve 100% classification of household waste;</li> <li>Increase paper usage efficiency and reduce paper usage;</li> <li>Establish a special area for hazardous waste, achieve 100% recycling of waste toner cartridges and waste ink cartridges, etc.</li> </ul>	<p>In 2023, relevant environmental targets have been fully achieved.</p> <p>In 2024, the Group will continue to make it our targets, conduct environmental management.</p>

### Key Performance Indicators<sup>1,2</sup>: Resources and Emissions

Indicators	2023 Data
Comprehensive energy consumption <sup>3</sup> (MWh)	807.60
Intensity of energy consumption (MWh/m <sup>2</sup> )	0.08
Purchased electricity (MWh)	742.86
Gasoline consumption (L)	5,506
Diesel consumption (L)	1,709
Greenhouse gas emissions <sup>4</sup> (tonnes CO <sub>2</sub> e)	472.79
Scope 1 greenhouse gas emissions (tonnes CO <sub>2</sub> e)	16.14
Scope 2 greenhouse gas emissions (tonnes CO <sub>2</sub> e)	456.66
Intensity of greenhouse gas emissions (tonnes CO <sub>2</sub> e/m <sup>2</sup> )	0.05
Hazardous waste (tonnes)	0.01
Hazardous waste intensity (kg/m <sup>2</sup> )	0.0010
Non-hazardous waste (tonnes)	49.61
Intensity of non-hazardous waste produced (tonnes/m <sup>2</sup> )	0.005



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Notes:

1. The statistical scope of resources consumption and emissions of the Group covers the main offices located in Beijing, Shanghai, Guangzhou, Hangzhou, Wuhan, Chongqing and Hainan.
2. The water sources used are mainly municipal tap water and purchased barrelled drinking water. We do not have any issue in sourcing water that is fit for purpose. Drinking water is used to meet the basic living needs of employees. We share public facilities with other companies to use tap water. It is therefore not possible to conduct separate consumption statistics. Considering the principle of materiality and the accuracy of information, KPI A2.2 water consumption in total and intensity are not disclosed in this report. As our operations do not involve production of physical products, KPI A2.5 total packaging materials used for finished products are not applicable and are not disclosed in this report.
3. The energy used by the Group is mainly electricity consumed for office operation and diesel, gasoline consumed for self-owned vehicles. Comprehensive energy consumption is calculated based on the conversion factors in accordance with the *General Rules for Calculation of Comprehensive Energy Consumption* (GB/T 2589-2020).
4. Due to its business nature, the significant air emissions of the Group are greenhouse gas emissions, which are mainly generated from the use of electricity generated by fossil fuel combustion and its conversion. Greenhouse gas emissions data is presented in carbon dioxide equivalent and is calculated based on the *2019 Baseline Emission Factors for Regional Power Grids in China for Emission Reduction Projects* and the *2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories* issued by the Ministry of Ecology and Environment of the People's Republic of China. During the Year, Scope 1 greenhouse gas emissions increased due to an increase in gasoline consumption.

### 5. EMPLOYMENT AND LABOUR PRACTICES

The Group adheres to the people-oriented principle, fully understands the needs of employees, respects and protects the rights and interests of each employee, and improves employee's sense of happiness and sense of belonging. We endeavour to create a healthy and comfortable working environment, a fair and impartial promotion system for our employees, establish a mechanism for the growth of diversified talents, achieve joint development of the Group and its employees.

#### 5.1 Employment Management

The Group strictly follows the *Labour Law of the People's Republic of China*, the *Law of The People's Republic of China on the Employment Contracts*, the *Social Insurance Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Rights and Interests of Women*, the *Provisions on the Prohibition of Using Child Labour*, the *Law of the People's Republic of China on the Protection of Minors* and other relevant laws and regulations, and strives to protect the legitimate rights and interests of employees.

##### Legitimate employment

The Group has formulated the *Employee Handbook* in accordance with relevant laws to systematically regulate employee recruitment, resignation, working hours, remuneration and benefits, holiday arrangements, promotion, etc., and has made clear provisions on the job duties, compensation structure, labour conditions, etc. in the labour contract to ensure fair and legitimate employment.

We adopt diversified recruitment channels, including internal recruitment, campus recruitment, social recruitment, etc. During the recruitment process, we always adhere to the principle of fairness, and do not treat job applicants differently based on their race, age, gender, marital status, social class and religious belief, and verify the identity information of employees to ensure that employees participate in work on a voluntary basis, and resolutely eradicate forced labour and illegal employment of child labour. When an employee resigns, we will go through relevant resignation procedures for the resigned employee in accordance with relevant laws and regulations to ensure a smooth transition of their rights and interests.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

With regards to children actors hired by the Group, we signed an agreement with their guardians on a voluntary basis through a formal platform. We work with the guardians to ensure that the children's overall development is taken care of and that their normal life and studies are not affected while they are involved in performing arts activities.

In the event of non-compliance of forced labour or illegal employment of child labour, we are determined to handle them in accordance with laws and regulations, taking remedial measures in a timely manner, and properly arrange forced labourer or child labourer.

The Group sets employees' work and rest time in accordance with the applicable laws and regulations. Employees are entitled to statutory annual leave, sick leave, maternity leave, marriage and funeral leave, etc. that are stipulated in the contracts so as to help employees achieve a good work-life balance. At the same time, the Group has formulated a sound overtime management system to fully protect the legitimate rights and interests of employees.

### Key Performance Indicators: Employment

Indicators	2023 Data
Total workforce (person)	576
Total workforce by employment type (person)	Labour contract employees 575 Employees under internship agreements 1
Total workforce by gender (person)	Male 243 Female 333
Total workforce by age group (person)	Aged below 30 (exclusive) 426 Aged 30 to 50 (exclusive) 147 Aged 50 and/or above 3
Total workforce by geographical region (person)	Mainland China 574 Hong Kong, Macao and Taiwan 2 Other countries and regions 0
Total employee turnover rate	25.87%
Employee turnover rate by gender	Male 26.36% Female 25.50%
Employee turnover rate by age group	Aged below 30 (exclusive) 29.59% Aged 30 to 50 (exclusive) 13.02% Aged 50 and/or above 0%
Employee turnover rate by geographical region	Mainland China 25.94% Hong Kong, Macao and Taiwan 0% Other countries and regions 0%



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### Remuneration and benefits

The Group has established a clear compensation management system in accordance with local laws and regulations, and provides employees with competitive remuneration and benefits based on the evaluation of work ability and performance with reference to the Group's operating performance and the market level.

In addition, we care about the needs of employees and provide them with diversified benefits. We pay five social insurances and one housing fund for all employees, and cooperate with employees in handling work and residence permits and points settlement in accordance with local policies.

In order to understand the demands of employees, we have set up a diversified and efficient communication mechanism, such as via telephone, email and social media. We listen to employees' opinions, suggestions and demands promptly, and give feedbacks in a timely manner.

### 5.2 Occupational Health and Safety

The Group is committed to providing employees with a healthy and safe working environment in strict compliance with the *Fire Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other relevant laws and regulations. In daily operations, we continue to optimise the safety management of our work areas, including the use of electricity, water and fire protection, etc., to ensure a safe, clean and orderly office environment.

To enhance employees' awareness and ability to respond to emergencies and effectively protect employees' occupational health and safety, the Group organises regular fire drills every year, and conducts safety awareness training, covering topics such as occupational hazards prevention and workplace safety. In addition, we actively advocate the concept of healthy life and encourage employees to participate in outdoor sports according to their own health status, so as to strengthen their bodies and enjoy themselves.

There were no work-related fatalities in the Group from 2021 to 2023 while the number and rate of work-related fatalities occurred were all zero. The Group recorded no work injuries during the Year, and the number of lost days due to work injury was nil.

### 5.3 Employee Development

The Group attaches great importance to the growth and development of employees, and provides staff with clear career development paths and help to improve their skills and quality through diversified evaluation promotion channels and comprehensive talents cultivation training system, so as to achieve their individual value.

#### Employee promotion

We are committed to the systematic management of employee career development, formulated the *Promotion Management Manual*, and set up two promotion paths of professional channels (P series) and management channels (M series) to encourage employees to develop through multiple channels. When promoting employees, we adhere to the principle of "strict selection and level-by-level promotion" and select outstanding employees. We aim to select employees with excellent values and strong work ability, and strive to provide a fair and sufficient promotion room to enhance the development and growth of our staff.

When there is a job vacancy within the Group, we will recruit talent through various channels and give priority to internal promotion or transfer, so as to encourage diversified development of employees.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### Employee training

The Group has established a systematic training system, and regularly carries out training activities covering all employees, such as the publicity and implementation of the Group's management system, lectures on corporate culture introduction, general onboarding trainings and knowledge and skills trainings, etc. In addition, we have also set up tailor-made special trainings for employees from different business departments and different types of job positions, aiming to improve employees' professional skills, occupational quality and leadership, so as to achieve their competitiveness enhancement.

- *Onboarding training for new employees*  
In order to help new employees quickly adapt to their positions, we require all new employees to participate in the onboarding training and set up corresponding class schedules for different business segments.
- *Lecturer management*  
According to talent development needs, the Group integrates the lecturer resources to set up a lecturer group, promotes the corporate culture and shares the management knowledge, at the same time, forges the comprehensive capabilities of the management. The lecturer group is composed of experts and part-time lecturers with excellent performance in the Group's centres and departments. Adhering to the principle of "focusing on ability, course innovation, training practice, professionalism and efficiency", the lecturer group focuses on the development of trainees' training courses and post-acceptance, and establishes the Group's unique knowledge system and learning organisation. In order to improve the overall performance of the lecturer group, we have established a management system for lecturer qualification certification, and strictly select lecturers. The pre-selected lecturers shall give a lecture on the course, and the judges would select qualified lecturers for qualification and certificate issuance.
- *Management courses*  
Relying on the Group's talent development strategy and taking the opportunity of annual talent review, we have established a number of management training courses to provide multi-dimensional empowerment training for different levels of management.
- *Training for management trainees*  
We recruit outstanding college students through campus recruitment during the graduation season every year, formulate tailor-made training plans and provide professional training for them to grow fast and integrate into the corporate culture. We have formulated a management trainee training programme (also known as the "**UMT Programme**") to train fresh graduates who are highly competent and have high recognition of the Group. The management trainee programme focuses on "strict entry and exit, dedicated training, hard work and practice", and sets up multiple sessions such as job rotation learning, senior management dual-mentorship, regular job training, management ability practice, so as to gradually create UJU talent pool. We provide management trainees with more development opportunities, including but not limited to undertaking/participating in key projects and strategic projects of the Group, which can help them obtain broader and more diversified room of development.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### Key Performance Indicators: Development and Training

Indicators		2023 Data
The percentage of employees trained by gender	Male	60.91%
	Female	68.77%
The percentage of employees trained by ranking	Management	58.65%
	Others	66.95%
The average training hours completed per employee by gender (hours)	Male	2.34
	Female	2.69
The average training hours completed per employee by ranking (hours)	Management	1.26
	Others	2.82

### 5.4 Employee Care

We pay full attention to the well-being and needs of our employees, and are committed to creating a harmonious and comfortable working environment. The Group fully respects employees' suggestions in terms of office area planning and design, and provides facilities such as fitness room and common room in the industrial park, comfortable office tables and chairs, environmental protective carpets, fresh air system and LED lighting, in order to create a healthy and comfortable workspace. At the same time, we also provide our employees with refrigerators, microwave ovens, water dispensers, snack cabinets, coffee machines, health check-up machines, nursery rooms, and free shuttle bus services in order to provide employees with convenience. In addition, we hold various events, such as birthday parties, sporting clubs, and offer gifts to employees on Mid-Autumn Festival and Qixi Festival, so as to alleviate their work pressure, create a work-life balanced workplace, and care for each employee.



Festival activities for our employees



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### 6. PRODUCT RESPONSIBILITY

The Group focuses on product quality and places emphasis on providing customers with high-quality online short video marketing solutions. We adopt a customer-oriented approach, constantly optimise and innovate product quality through strict product content management, strengthen intellectual property rights and information security protection, and fully uphold product responsibility.

#### 6.1 Product Quality Management

We strictly follow the *Advertising Law of the People's Republic of China*, the *Provisions on the Ecological Governance of Internet Information Content* and other national laws and regulations on network supervision, formulate the management measures through the *Use, Procurement and Infringement Punishment System of the Creative Centre for Copyright Materials*, strictly implement the production standards of short video content, continuously strengthen the management of the purchase and use of materials, strengthen content review, ensure the compliance of product content, and continuously prevent infringement.

#### Content Management

In order to create a good network environment and safeguard the interests of the Group and that of its customers alike, we strictly control the health and authenticity of the product content, and focus on the following aspects:

- All promotion content and relevant links shall not contain any content that violates relevant national laws, regulations, departmental rules, policies, regulatory requirements, public order and customs and international treaties recognised or acceded to by the People's Republic of China (including but not limited to any content that endangers national security, obscenity or pornography, false, insulting, defamatory, intimidating or harassing, etc.), or refer to the links to such content;
- The promotion content and relevant links (including the audio, video, pictures, mini elements and portraits used), as well as the adaptation and quotation of others' works shall not infringe the property rights, personal rights, intellectual property rights, trade secrets or other legitimate rights and interests of other individuals, companies or entities. The adoption of unauthorised materials and website materials that claimed to be copyright protected, as well as the random transfer and spoofing of unauthorised works are strictly prohibited to prevent any controversies, legal disputes, administrative penalties, litigation or arbitration, etc.;
- The relevant parts of the content to be promoted such as text, pictures, links, and the website to which the link refers must be consistent and relevant, and the overall effect of the promotion will not cause misunderstanding by the media or customers;
- All contents and websites for promotion (including but not limited to the specific contents of the promotion links and website information) must be true, accurate, timely, effective, detailed and complete and consistent with the actual situation;
- After the designated promotional content is launched online, the above-mentioned prohibited content shall not be presented by any means, including but not limited to modifying the content of the website, setting up website redirection, setting up malicious programme codes, setting up viruses and offsite displays;
- During the promotion process, illegal or cheating activities shall not be taken to increase the click rate of the promotion website or obtain improper trading opportunities;



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### Content Review

In order to further strengthen the content safety of the platform, we eliminate false publicity, and have established a comprehensive internal review mechanism and process to fully inspect and review various links such as script writing, real-location shooting, post-editing, operation review and media review, so as to ensure that the content of the materials would be in line with universal and positive values. At the same time, we also set up text warnings for risky or ambiguous content to ensure the health and safety of advertisements and avoid misleading consumers. The Group has established a multi-level review mechanism to ensure only products that have passed the review of various management departments, such as innovation and operation departments, can be launched online in order to build a good ecosystem for content creation.

We will timely track the review rules of the materials published on the platform, collate and summarise the key points, and regularly review the compliance of the materials and contents to ensure the product content has promoted correct values, and avoid the use of absolute terms (such as “fastest, best, first”, etc.) and other inappropriate words. When illegal materials and content are found, we give priority to the handling of withdrawal for offline modification, re-submit for review, upload and post to remove the illegal contents in a timely manner and ensure the health and safety of product contents.

As the Group’s operation does not involve the production of physical products, KPI B6.1-Percentage of total products sold or shipped subject to recalls for safety and health reasons is not applicable to the Group, which is not disclosed in this report.

### Emergency response

In response to sudden public sentiment, platform failure and other emergencies, the Group has established a sound emergency response mechanism to clarify reporting rules for the corresponding teams of the incident and actively prevent and mitigate risks, reflecting our responsible attitude towards the society and customers. When the unexpected event occurs, the Group will:

- Promptly establish an incident response team to fully understand the incident information and quickly sort out the causes, processes and consequences;
- Update information with customers in the first place, actively communicate with the platform media, and promptly provide effective contingency plans or response measures, including removing, revising and reshooting product content, in order to reduce the negative impact of the incident;
- After the incident was handled, the responsibility of the incident shall be investigated in accordance with the internal regulations, and all employees shall be educated and trained to summarise the cause and experience in handling the incident, so as to avoid the recurrence of similar issues.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### 6.2 Product Optimisation and Innovation

As a provider of short video products, we continuously pursue innovation and creativity, aiming to create a unique and quality short video experience for customers, and support customers with a high level of innovation. In order to improve marketing efficiency and effectiveness, we conduct in-depth analysis on the placement result of advertising content, reasonably balance the production cost and time cost of the materials on the basis of customer satisfaction, and put forward better and more creative production ideas. We principally make improvements and innovation in the following aspects:

- Script direction: Confirm the style of shooting through independent innovation or reference to excellent advertising cases in the market;
- Script structure: Adhere to the principles of attractiveness, trust, and action, and attract attention in the shortest time, to achieve the story structure of “starting-undertaking-transfer-closing”;
- Actor performance: Adjust the actors’ speed of speech, expression and movements according to the script style;
- Concise lines: The emphasis should be concise and clear content, so as to avoid excessive and awkward lines and maintain smooth rhythm;
- Use of camera: Use different scenes (such as close-ups, panoramic shots) and camera movements (such as pushing, pulling, shaking, moving, lifting, etc.) to show different emotions and relations;
- Editing and packaging: Based on the needs of customers, different video styles are presented using sound mixing, colour tone, montage, artistic characters, etc.;
- Costume and make-up props: Different apparel and props are selected according to characters and scenarios to portray the images of characters and the atmosphere of the scene.

At the same time, the Group pays attention to the needs of the viewers of advertisements, understands the true sore points from the comments, and combines with the focus of media users to launch new product functions, so as to promote the iterative innovation of products. We regularly analyse the behaviour information of media users when they are watching videos, continuously optimise the video contents, and launch tailor-made products according to the analysis of audience groups for accurate placement and constant launch of popular contents.

We have set up an online short video research centre focusing on the research of the structure, elements, drafting and consumer profiles of popular online short videos, expecting to discover the patterns and modes behind these trends to develop quality short videos that are trendy and satisfy users’ needs.

In addition, we launched our self-developed online marketing solution service platform, the U-Engine Platform, to collect, aggregate and analyse data from relevant parties in a timely manner to improve the quality of our short videos. The platform is an AI-driven intelligent online advertising placement platform, which covers all-round production, storage, intelligent placement, analysis optimisation and management activities of online marketing solutions. It can be connected with the public background information of the media, which is easy to view relevant information at any time, including the click-through rate of the materials, conversion rate, numbers of display and consumption situation, and is conducive to our rapid adjustment of the materials and placement strategy. At the same time, the U-Engine Platform utilises visualisation modules, structured data modules and algorithm-driven to produce online short videos and improve work efficiency, which enables us to produce large-scale products in a more efficient manner.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### 6.3 Responsible AI Applications

AI technology has been gradually applied to the Internet marketing industry, and its inclusiveness and security have become the focus of social concern. UJU Holding understands that maintaining a fair, just and healthy relationship among the media, advertising customers and consumers is the foundation for the sustainable operation of the industry. Therefore, we have adopted multiple technology measures and are committed to ensuring that the applications of AI technology fully reflect inclusiveness in terms of gender, religion and ethics, as well as the security of the data collected, processed and stored. In addition, we maintain communication with all stakeholders on the applications of AI technology in order to enhance trust and minimise misunderstanding.

Given the fact that technological reform may bring about changes to workflow or organisational structure, we regularly assess the impact of these changes on employees and provide necessary training to support employees in overcoming challenges through adaptive learning and ensure that the team members can make a smooth transition to the new work environment.

### 6.4 Customer Feedback Management

In order to provide customers with a better service experience, the Group has established a professional customer service team and created smooth customer communication channels to actively listen to customer feedback and respond in a timely manner. In 2023, the Group received a total of 39 customer complaints, with a complaint settlement rate and return visit rate of 100%.

When customers propose suggestions on product modification, we will analyse the placement information and product content, make adjustments in comparison with market practices, and optimise and improve together with customers. For customer complaints, we will handle them internally based on the facts, severity and whether it causes property loss and losing of customers as below. At the same time, we will analyse the root causes of customer complaints and rectify the problems:

- In case of unsatisfactory advertisement placement results and material quality affected by changes in the media environment, technical failures at customer side, differences in content reviewers' standards, etc., we will follow the actual situation, conduct in-depth communication with customers, and take emergency measures to improve the advertising results;
- In case of higher customer acquisition costs, budget overruns or deviations in the acquired customer group caused by operational errors, or staff errors resulting in error in materials that lead to complaints, we will understand the situations in a timely manner and compensate customers according to the facts and carry out internal notifications, and conduct employee education, as well as deduct the performance appraisal scores of corresponding employees in order to prevent the recurrence of the same problem.

### 6.5 Intellectual Property Protection

Intellectual property protection is one of the Group's top priorities. we not only focus on protecting our own intellectual property, but also value the intellectual property of others. The Group strictly follows the relevant laws and regulations such as the *Copyright Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and has formulated internal management systems such as the *Regulations on the Purchase, Use and Infringement Punishment of Copyright Protected Materials of UJU Holding*. The Group has set up a copyright material review and management system from the three aspects of material procurement, use and infringement penalties. Meanwhile, we improve employees' awareness of intellectual property rights protection through promotion and training on intellectual property-related knowledge, and implement intellectual property rights protection in the daily corporate operation process to avoid infringement of third-party copyright rights.

At the same time, we attach importance to the protection of our own intellectual property rights and especially arranged legal professionals to actively apply for the registration of rights and the intellectual property rights owned by the Group to clarify the ownership of rights and ensure the compliance of intellectual property rights acquisition methods.

As of 31 December 2023, the Group had 39 intellectual property rights, including 36 trademark rights and 3 other intellectual property rights.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### 6.6 Information and Cyber Security

The Group attaches great importance to the security management of computer system, office network and server system, strictly complies with relevant laws and regulations such as the *Internet Security Law of the People's Republic of China*, *Personal Information Protection Law of the People's Republic of China*, and the *Administrative Measures for the Security Protection of the International Networking of Computer Information Network*. We have formulated the *UJU Interactive Management System for the Enterprise Information and Data Security* and the *UJU Server Operation and Maintenance System* to constantly strengthen the security management of customer information and privacy and actively implement various information protection measures.

The Group has set up an information centre to manage network safety. We are in charge of the daily maintenance and management of the system. We arrange relevant personnel to strictly implement the Group's confidentiality system and computer security management system. We have formulated detailed rules and maintenance measures for the Company's computers, network systems, media user accounts and data backups, etc., to strengthen the safety awareness of office staff and ensure the safety of corporate information and data.

In order to ensure the smooth operation of the relevant software, we purchase the server and service provided by industry-leading brand companies, and strictly manage the access to the main and sub-accounts of the server. All operation records can be recorded and reviewed by the operation audit function to ensure cyber security.

As the bridge and medium connecting the media, customers and advertising media users, the Group has placed advertisements through media platform that are produced based on the requests of customers and the needs of advertising media users, and does not directly obtain the information of advertising media users. Therefore, the possibility of privacy infringement of media users is low.

## 7. SUPPLIER MANAGEMENT

The Group pays attention to responsible procurement and supply chain ESG risk management, carries out close communication and mutually beneficial cooperation with suppliers, establishes a win-win development path with suppliers, and works with suppliers to achieve a sustainable supply chain.

The Group's main supplier partners are cloud service providers, equipment suppliers, material suppliers and advertising placement channels. We continue to improve the standard and procedure of supplier entry. Based on the different categories of suppliers, we have established specific requirements of entry. When selecting material suppliers, we give priority to inspecting their social responsibility performance and pay close attention to the values reflected in their materials. When selecting product and service providers, we pay full attention to their responsibilities and contributions to environmental protection, for example by referring to the energy efficiency level of the equipment when purchasing electronic equipment such as computers, monitors, mobile phones, printers and network equipment. We give priority to purchasing equipment with lower energy efficiency levels and with hazardous waste recycling and treatment services; give priority to cleaning suppliers who provide waste sorting and recycling services. During the Reporting Period, all 376 suppliers have implemented the Group's entry requirements for selecting suppliers.

In order to understand the real situation of suppliers and identify their service quality and effectiveness, the Group will conduct on-site reviews against suppliers and fully communicate to ensure the quality of the selected suppliers to better meet customer needs. In order to continuously monitor and supervise the responsible operation performance of each supplier during the cooperation process, we have formulated a standardised supplier audit system. For material suppliers, we conduct online communication and review of material scripts and demos, and conduct telephone and offline meetings from time to time based on the quality of the materials produced. The Group will maintain long-term cooperation with advertising materials suppliers with good quality, quick influence and good service, and eliminate suppliers that cannot meet the demand for long.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

During the process of cooperation, the Group pays great attention to the integrity of suppliers, and is committed to establishing a long-term cooperation relationship with suppliers with mutual benefit, integrity and transparency, so as to guide suppliers to fulfil their social responsibilities and establish a sustainable supply chain. When cooperating with suppliers, we ensure the openness and transparency of the procurement process, abide by the principle of fair competition, and resolutely prohibit any kind of commercial bribery. In addition, we also require suppliers to establish, standardise and improve customer information protection methods to avoid information leakage risks to the greatest extent.

In 2023, the Group had a total of 376 suppliers, among which 357 are located in Mainland China, 6 are located in Hong Kong, Macao and Taiwan, and 13 are located in overseas regions.

### 8. INCORRUPT BUSINESS PRACTICING

The Group is committed to creating a fair and honest environment in its business operations to ensure transparency and compliance. We strictly follow and implement the provisions on anti-corruption, anti-money laundering, anti-commercial bribery and anti-unfair competition in relevant laws and regulations, such as the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, and the *Prevention of Bribery Ordinance*. We prohibit any forms of direct or indirect commercial illegal behaviour such as bribery, money laundering and any form of commercial fraud in our business operations. We also consciously accept the supervision of the Group's capital accounts by banking institutions, and strive to create an incorrupt and honest business environment.

The Group has incorporated the management regulations on anti-corruption and anti-bribery into the *Employee Handbook*, which provides institutional guarantee and process standards for internal efforts on anti-corruption and anti-bribery. Such handbook is applicable to all employees of the Group, and serves as the basis for induction training. We introduce and explain relevant anti-corruption content and provide training on professional ethics to the Board and new employees so as to raise awareness of integrity of the employees.

We have set up a clear conflict-of-interest declaration channel, which requires employees to adhere to the principles of honesty and integrity, and shall not offer, solicit or accept in any way of economic benefits such as kickbacks, commissions, negotiable securities, gifts and benefits. Employees are required to take the initiative to declare their relatives' positions in the Group and the Group's partners every year to reduce or avoid potential corruption risks.

We are committed to building an open and transparent corporate culture and encourage employees to actively participate in anti-corruption initiatives to jointly safeguard the good corporate reputation. In order to strengthen the channels for employees to participate and provide information, we have set up clear reporting methods for employees. Employees can report fraud cases through means such as email. We will conduct preliminary screening and investigation on the reported information, and any suspected crimes will be referred to judicial authorities for handling in accordance with the law. At the same time, we stipulate the protection measures for whistle-blowers in the *Employee Handbook* to avoid the leakage of the personal information of whistle-blowers. The Group takes every report seriously, and has no compulsory-real-name reporting. Whistle-blowers can report to the Group on an anonymous basis. If the whistle-blower provides personal information, we will keep his/her personal information strictly confidential and will not disclose his/her personal information to a third party, other than members of the Group's supervisory committee, without the consent of the whistle-blower in order to prevent any possible retaliatory behaviour.

In 2023, the Group and its employees did not have any major violations related to corruption, bribery, fraud and money laundering, and there were no lawsuits related to corruption.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### 9. COMMUNITY INVESTMENT

We not only focus on our own development, but also pay full attention to the needs of the community, grow together with the community, and are committed to fulfilling corporate social responsibility. We maintain close communication with the community, engage different stakeholders, and carry out diversified public welfare activities according to the needs of the community in order to give back to society. The Group actively supports and participates in public welfare activities and safety training organised by communities and sub-districts, property manager of residential quarters, police stations, other authorities and units.

The Group pays attention to industry talent cultivation and campus recruitment. While supporting the rapid growth of campus recruits, we also promoted local employment, and regional economic prosperity, and enhanced social development. In order to deepen the integration of industry and education, the Group signed a strategic agreement with Wuhan Institute of Media to invest a construction of 1,200 square metres of student practice and training platform, so as to provide school with short video filming venues and production laboratory, collaborating to set up digital image media experimental classes, and providing students with internship opportunities. This school-enterprise cooperation not only provides higher education institutions and students with trainings and supporting resources, but also attracts more talents for the Group. As of 31 December 2023, three sessions of the experimental class have been held. In the future, the Group will use the cooperation project as a model to conduct extensive promotion on school-enterprise cooperation.

#### **Case: UJU Holding set up digital image media experimental class with Wuhan Institute of Media**

We provide students with new case studies and skills at the forefront of the industry through a variety of programmes, aiming to cultivate versatile talents. Each year, the digital image media experimental class will select 20 students from the third-year students of Wuhan Institute of Media to conduct targeted training. We have broadly involved in the curriculum design and final examination of the laboratory, and regularly communicate with higher education institution lecturers on training programmes. The final examination requirements of the experimental class are approved by the Commission of Education and the relevant completion certificates will be released to the students at the end of the class. At the same time, the Group has provided the students of the experimental class with internship, mentorship and comprehensive supporting resources, and will give priority to outstanding students from the experimental class during the campus recruitment selection in order to help the school develop a collaborative approach that integrate practice and teaching.



**Exchanges and learning of UJU Holding and Wuhan Institute of Media**



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### 10. APPENDIX

#### ESG REPORTING GUIDE INDEX

##### Mandatory Disclosure Requirements

Content of Mandatory Disclosure Requirements		Corresponding Section
Governance Structure	<p>A statement from the Board containing the following elements:</p> <ol style="list-style-type: none"> <li>(1) a disclosure of the Board's oversight of ESG issues;</li> <li>(2) the Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's business); and</li> <li>(3) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's business.</li> </ol>	2. STATEMENT OF THE BOARD
Reporting Principle	<p>Describe or explain how the Reporting Principles are applied when preparing an ESG report:</p> <p><b>Materiality:</b> An ESG report should be disclosed: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p><b>Quantitative:</b> Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p><b>Consistency:</b> The issuer should disclose in the ESG report any changes (where applicable) to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	1. ABOUT THIS REPORT
Reporting Boundary	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	1. ABOUT THIS REPORT



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### “Comply or Explain” Provisions

Areas	Issues	Disclosure Requirements	Corresponding Section
Environmental	A1 Emissions	General Disclosure Information on: <ol style="list-style-type: none"> <li>(1) the policies; and</li> <li>(2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</li> </ol>	4.2 Emissions Management
		A1.1 The types of emissions and respective emissions data.	4.4 Environmental Targets and Performance
		A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4 Environmental Targets and Performance
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4 Environmental Targets and Performance
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4 Environmental Targets and Performance
		A1.5 Description of emission target(s) set and steps taken to achieve them.	4.2 Emissions Management 4.4 Environmental Targets and Performance
		A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	4.2 Emissions Management 4.4 Environmental Targets and Performance



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Areas	Issues	Disclosure Requirements	Corresponding Section
	A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	4.1 Resource Conservation
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.4 Environmental Targets and Performance
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	—
		A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	4.1 Resource Conservation 4.4 Environmental Targets and Performance
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4.4 Environmental Targets and Performance
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A
	A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	4.4 Environmental Targets and Performance
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.4 Environmental Targets and Performance
	A4 Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	4.3 Response to Climate Change
		A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	4.3 Response to Climate Change



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Areas	Issues	Disclosure Requirements	Corresponding Section
Social	B1 Employment	General Disclosure Information on	5.1 Employment Management
		(a) the policies; and	5.4 Employment Care
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
		B1.1 Total workforce by gender, employment type (full-time or part-time), age group and geographical region.	5.1 Employment Management
		B1.2 Employee turnover rate by gender, age group and geographical region.	5.1 Employment Management
	B2 Health and Safety	B2 Health and Safety	General Disclosure Information on:
(a) the policies; and			
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.			
		B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.2 Occupational Health and Safety
		B2.2 Lost days due to work injury.	5.2 Occupational Health and Safety
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.2 Occupational Health and Safety 5.4 Employment Care
B3 Development and Training	B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.3 Employee Development
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.3 Employee Development
		B3.2 The average training hours completed per employee by gender and employee category.	5.3 Employee Development



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Areas	Issues	Disclosure Requirements	Corresponding Section
	B4 Labour Standards	General Disclosure Information on: (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.1 Employment Management
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	5.1 Employment Management
		B4.2 Description of steps taken to eliminate such practices when discovered.	5.1 Employment Management
	B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	7. SUPPLIER MANAGEMENT
		B5.1 Number of suppliers by geographical region.	7. SUPPLIER MANAGEMENT
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	7. SUPPLIER MANAGEMENT
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	7. SUPPLIER MANAGEMENT
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	7. SUPPLIER MANAGEMENT



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Areas	Issues	Disclosure Requirements	Corresponding Section
	B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	6.1 Product Quality Management 6.2 Product Optimisation and Innovation 6.3 Responsible AI Applications 6.4 Customer Feedback Management 6.5 Intellectual Property Protection 6.6 Information and Cyber Security
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
		B6.2 Number of products and service related complaints received and how they are dealt with.	6.4 Customer Feedback Management
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	6.5 Intellectual Property Protection
		B6.4 Description of quality assurance process and recall procedures.	6.1 Product Quality Management 6.2 Product Optimisation and Innovation
		B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	6.6 Information and Cyber Security
	B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	8. INCORRUPT BUSINESS PRACTICING
		B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	8. INCORRUPT BUSINESS PRACTICING
		B7.2 Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	8. INCORRUPT BUSINESS PRACTICING
		B7.3 Description of anti-corruption training provided to directors and staff.	8. INCORRUPT BUSINESS PRACTICING



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Areas	Issues	Disclosure Requirements	Corresponding Section
	B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	9. COMMUNITY INVESTMENT
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	9. COMMUNITY INVESTMENT
		B8.2 Resources contributed (e.g. money or time) to the focus area.	9. COMMUNITY INVESTMENT



## REPORT OF THE DIRECTORS

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended December 31, 2023.

### PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on September 21, 2020. The Group is primarily engaged in digital marketing services and live-streaming e-commerce businesses. The digital marketing services provide one-stop cross media online marketing solutions, in particular online short video marketing solutions, through its media partners for its advertiser customers to market their products and services. The live streaming e-commerce businesses mainly include provision of live-streaming e-commerce services and sales of goods in online media platforms.

The activities and particulars of the Company's subsidiaries are set out in Note 2 to the consolidated financial statements.

### BUSINESS REVIEW

A fair review of the Group's business as required under Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including the Group's performance analysis during the year ended December 31, 2023, particulars of important events affecting the Group that have occurred since the end of the year ended December 31, 2023, as well as the possible future business development of the Group, are set out in the sections headed "Chairman's Statement" on pages 3 to 5, "Management Discussion and Analysis" on pages 8 to 13 and "Report of the Directors — Events After the Financial Period" on page 73 of this annual report.

Possible risks and uncertainties that the Group may be facing are set out in the section headed "— Principal Risks and Uncertainties" below in this report. Discussions on the environmental policies and performance, compliance by the Group with the relevant laws and regulations that have a significant impact on the Group and the account of the key relationships of the Group with its stakeholders are set out in the "Environmental, Social and Governance Report" on pages 34 to 58 of this annual report.

A summary of the operating results and financial position of the Group for the most recent five financial years is set out on page 7 of this annual report. This summary does not form part of our consolidated financial statements.



## REPORT OF THE DIRECTORS (CONTINUED)

### USE OF THE NET PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds received from the Global Offering, after deducting the underwriting fees and commissions and expenses payable by the Company in connection with the Global Offering, amounted to approximately HK\$748.5 million (equivalent to approximately RMB615.1 million). During the period from the Listing Date to December 31, 2023, the net proceeds from the Global Offering was utilized in the manner as follows:

	Approximate percentage of the total net proceeds	Net proceeds from the Global Offering HKD million	Net proceeds utilized as of December 31, 2023 HKD million	Remaining net proceeds as of December 31, 2023 HKD million	Expected time to utilize the remaining net proceeds in full
<b>Upgrading the U-Engine platform with a focus on research, development and utilization of AI capabilities and SaaS technologies</b>					
Connecting the U-Engine with enlarged advertiser customer and media partner bases	2.3%	17.0	17.0	—	By the end of the year ending December 31, 2023
Developing the digitalization services platform of the U-Engine platform	2.0%	14.8	10.8	4.0	By the end of the year ending December 31, 2024
Upgrading the internal management system	0.6%	4.4	4.4	—	By the end of the year ending December 31, 2023
<b>Expanding business opportunities in e-commerce businesses on online short video platforms</b>	3.3%	24.4	24.1	0.3	By the end of the year ending December 31, 2024
<b>Enhancing the content production capacities with AI technologies</b>	6.6%	49.6	39.3	10.3	By the end of the year ending December 31, 2024
<b>Enhancing our relationships with existing media partners and enlarging our advertiser customers and media partner bases</b>					
Strengthening sales and marketing teams	3.4%	25.2	20.2	5.0	By the end of the year ending December 31, 2024
Enlarging media base	15.6%	117.0	115.1	1.9	By the end of the year ending December 31, 2024
Exploring new businesses with new advertiser customers and online media platforms	40.3%	302.1	302.1	—	By the end of the year ended December 31, 2022
<b>Pursuit of strategic investments and acquisitions</b>	16.0%	119.9	—	119.9	By the end of the year ending December 31, 2024
<b>Working capital and general corporate purposes</b>	9.9%	74.1	74.1	—	By the end of the year ended December 31, 2022
<b>Total</b>	100%	748.5	607.1	141.4	

As of December 31, 2023, the entire portion designated for strategic investment and acquisitions had remained unutilized. The delay in utilizing the proceeds was mainly due to more severe and complicated than expected pandemic development and its impact on market conditions since the Global Offering. Considering the unstable market environment, the Group has cautiously conducted its strategic investments and acquisitions, and resulted in the delay in the utilization of the relevant proceeds.

As of December 31, 2023, the Group has utilized approximately HKD607.1 million of the net proceeds from the Global Offering, and the remaining net proceeds of approximately HKD141.4 million was deposited with state-owned and reputable banks in Hong Kong or the PRC. The Group will further utilize the net proceeds from the Global Offering in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated November 8, 2021 (the "Prospectus").



## REPORT OF THE DIRECTORS (CONTINUED)

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended December 31, 2023 and the state of affairs of the Group as of December 31, 2023 are set out in the consolidated financial statements on pages 80 to 143.

The Board recommends the payment of a final dividend of HKD 5 cents per Share for the year ended December 31, 2023, payable on or about July 3, 2024 to Shareholders whose names appear on the register of members of the Company at the close of business on June 11, 2024, being the record date for determining Shareholders' entitlement to the proposed final dividend.

### PRINCIPAL RISKS AND UNCERTAINTIES

The main activities of the Group are to provide one-stop cross media online marketing solutions. It is exposed to a variety of principal risks and uncertainties. The following sets out the principal risks and uncertainties encountered by the Group in its business operations:

- the Group may not be able to retain, expand and/or attract existing and new advertiser customers and media partners, addressing their increasing and evolving demands and requirements for online short video marketing solutions;
- the Group may not be able to develop and launch high-quality online short video marketing solutions for advertiser customers and media partners;
- the Group may not be able to maintain and strengthen our competitive edge in high-quality, customized and technology-empowered online short video production capabilities;
- the Group may not be able to maintain a reliable, secure, high-performance and scalable technology infrastructure compatible to our growing business;
- the Group may not be able to strengthen our technology-based solutions and content production capabilities through U-Engine platform and keep up with the technological developments or new business models of the rapidly evolving online marketing industry;
- the Group may not be able to compete effectively with our competitors in the online marketing industry;
- the Group may not be able to attract and retain qualified and skilled talents; and
- the Group may not be able to understand and adapt to the changing regulatory environment.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

### SHARE CAPITAL

Details of movements in share capital of the Company during the year ended December 31, 2023 are set out in Note 29 to the consolidated financial statements.

### RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group are set out in the consolidated statement of changes in equity of this annual report. As of December 31, 2023, the Group's reserves available for distribution (including share premium and retained earnings) amounted to approximately RMB1,298,942,000 (2022: RMB1,228,409,000).



## REPORT OF THE DIRECTORS (CONTINUED)

### TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers debtors. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that sufficient financial resources are available in order to meet its funding requirements and commitment timely.

### Foreign exchange exposure

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

During the year ended December 31, 2023, no financial instrument was used for hedging purposes, and we did not commit to any financial instruments to hedge our exposure to foreign exchange risk, as the expected foreign exchange risk is not significant. The Directors and senior management of the Company will continue to closely monitor the foreign exchange exposure and take measures when necessary to ensure that the foreign exchange risk is within the controllable range.

### Capital structure

The shares of the Company were listed on Main Board of the Stock Exchange on the Listing Date. There has been no major change in the capital structure of the Company since then.

### Contingent liabilities

The Group did not have any material contingent liabilities as of December 31, 2023 and 2022.

Uju Interactive (Beijing) Technology Co., Ltd. ("**Uju Beijing**") and Hainan Uju Technology Co., Ltd. ("**Hainan Uju**") (both wholly-owned subsidiaries of the Company) plan to enter into the 2024 Baidu Core Distributor Cooperation Contract with Baidu (China) Co., Ltd. ("**Baidu**") in the year 2024 pursuant to which the Company intends to agree to jointly and severally guarantee for all the claims of Uju Beijing and Hainan Uju in the business cooperation under their contracts with Baidu. The guarantee period will be three years from which the relevant debt performance period expires.

### Charge on the Group's assets

As at December 31, 2023, restricted bank balances are all denominated in RMB and balances of RMB12,000,000 represented the bank deposits as secured for the Group's issue of notes payables.

### SIGNIFICANT INVESTMENTS HELD

During the year ended December 31, 2023, the Group did not hold any significant investment in equity interest in any other company.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in the section headed "Use of Net Proceeds from the Global Offering" in this report, the Group did not have plan for material investments and capital assets as of the date of this report.

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended December 31, 2023.



## REPORT OF THE DIRECTORS (CONTINUED)

### MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's largest customers for the year ended December 31, 2023 accounted for approximately 50.0% (2022: 43.4%) of the Group's total revenue. The aggregate revenue attributable to the Group's five largest customers for the year ended December 31, 2023 accounted for approximately 72.6% (2022: 60.8%) of the Group's total revenue.

The aggregate cost of services and sales attributable to the Group's largest suppliers for the year ended December 31, 2023 accounted for approximately 55.9% (2022: 53.3%) of the Group's total cost of services and sales. The aggregate cost of services and sales attributable to the Group's five largest suppliers for the year ended December 31, 2023 accounted for approximately 96.2% (2022: 94.3%) of the Group's total cost of services and sales.

To the best knowledge of the Directors, none of the Directors or their associates or any Shareholders who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the year ended December 31, 2023.

### DIVIDEND POLICY

The Board has adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Articles of the Association and all applicable laws and regulations.

### SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED COMPANIES

The details of the subsidiaries of the Company are set out in Note 2 to the consolidated financial statements.

### PROPERTY, PLANT AND EQUIPMENT

During the year ended December 31, 2023, the Group's total capital expenditure amounted to approximately RMB0.9 million (2022: RMB15.1 million) which is primarily attributable to consideration paid for obtaining buildings, electronic equipment and leasehold improvement. The details of the properties, plant and equipment of the Group and their movements during the year ended December 31, 2023 are set out in Note 14 to the consolidated financial statements.

### BORROWINGS

Particulars of borrowings of the Group as at the balance sheet date and the details of the charging on the Group's assets are set out in Note 27 to the consolidated financial statements.

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended December 31, 2023, to the best knowledge of the Directors, there was no material breach of or noncompliance with applicable laws and regulations which have a significant impact on the business and operations of the Group.



## REPORT OF THE DIRECTORS (CONTINUED)

### DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year ended December 31, 2023 and up to the date of this report were as follows:

#### Executive Directors

Mr. Ma Xiaohui (*resigned on March 28, 2024*)

Mr. Peng Liang (*Chairman of the Board*)

Ms. Luo Xiaomei

#### Independent Non-executive Directors

Mr. Zhang Peiao

Ms. Lin Ting

Mr. Wang Wenping

The biographical details of the Directors and the senior management of the Group are disclosed in the section headed "Biographical Details of Directors and Senior Management" on pages 14 to 19 of this annual report.

Each of the executive Directors has entered into a service contract with the Company, under which they agreed to act as executive Directors for an initial term of 3 years commencing from the Listing Date, which may be terminated by not less than 1 months' notice in writing served by either the Director or the Company.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of 3 years commencing from the Listing Date, which may be terminated by either party giving not less than 6 months' notice in writing to the other.

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

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

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

In accordance with the Articles of Association, Ms. Lin Ting and Mr. Wang Wenping shall retire from office, at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

### MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year or subsisted at the end of the year ended December 31, 2023.



## REPORT OF THE DIRECTORS (CONTINUED)

### INFORMATION ON EMPLOYEES

As of December 31, 2023, the Group had 576 (2022: 598) employees, including the executive Directors. Total staff costs (including Directors' emoluments) were approximately RMB147.4 million, as compared to approximately RMB195.6 million for the year ended December 31, 2022. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

The Group places high value on recruiting, training and retaining its employees. The Group maintains high recruitment standards and provide competitive compensation packages. Remuneration packages for the Group's employees mainly comprise base salary, performance salary and bonus. The Group also provides both in-house and external trainings for our employees to improve their skills and knowledge. As required under PRC regulations, the Group participates in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans.

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme adopted by the Company on October 8, 2021 and a share award scheme on May 22, 2023.

### EMOLUMENT POLICY

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

### REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals of the Group are set out in Notes 7 and 37 to the consolidated financial statements.

For the year ended December 31, 2023, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended December 31, 2023.

Except as disclosed above, no other payments have been made or are payable, for the year ended December 31, 2023, by the Group to or on behalf of any of the Directors.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year ended December 31, 2023 or at any time during the year ended December 31, 2023.



## REPORT OF THE DIRECTORS (CONTINUED)

### NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

As disclosed in the Prospectus, each of the Controlling Shareholders has entered into a deed of non-competition on October 8, 2021 (the “**Deed of Non-competition**”) in favour of the Company in respect of their compliance with the terms of non-competition undertaking to the effect that each of them will not, and will procure their subsidiaries (other than the Company) or his/its respective close associations not to, directly or indirectly participate in, or hold any interest or right or otherwise be involved in any business which may be in competition with undertakings the principal business of the Group. The non-competition undertakings in respect of the Controlling Shareholders have become effective from the Listing Date.

Each of the Controlling Shareholders has confirmed in writing to the Company of his/her/its compliance with the Deed of Non-competition for disclosure in this report during the year ended December 31, 2023 and up to the date of this report. The independent non-executive Directors have also reviewed the status of compliance by each of the Controlling Shareholders with the undertakings in the Deed of Non-competition and have confirmed that, as far as they can ascertain, there is no breach of any of the undertakings in the Deed of Non-competition.

### CONNECTED TRANSACTIONS

During the year ended December 31, 2023, the Company has not entered into or conducted any connected transactions, which were subject to the reporting, announcement or independent shareholders’ approval requirements as required under the Listing Rules.

### RELATED PARTY TRANSACTIONS

Details of material related party transactions entered into by the Company are set out in Note 36 to the consolidated financial statements. None of the related party transactions constitutes a connected transaction or continuing connected transaction that is required to be disclosed under Chapter 14A of the Listing Rules.

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

As of December 31, 2023, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company, pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Capacity/Nature of interest	Number of securities held <sup>(1)</sup>	Approximate percentage of shareholding
Ma Xiaohui	Interest of controlled corporation <sup>(2)(3)(4)(5)(6)</sup>	438,983,000 Shares (L)	73.2%

Notes:

- (1) The letter “L” denotes a person’s long position (as defined under Part XV of the SFO) in the shares of the Company.
- (2) Aura is owned as to 95% by Supreme Development and as to 5% by Mr. Xiong Xiangdong (熊向東先生) (“**Mr. Xiong**”). As such, Supreme Development is deemed to be interested in the 58,752,000 Shares held by Aura pursuant to the SFO. Supreme Development is owned as to 100% by Mr. Ma Xiaohui. As such, Mr. Ma Xiaohui is deemed to be interested in the 306,633,000 Shares deemed to be held by Supreme Development pursuant to the SFO.



## REPORT OF THE DIRECTORS (CONTINUED)

- (3) Mr. Ma Xiaohui has control of 100% of the voting rights of Vast Business and is deemed to be interested in the 132,350,000 Shares held by Vast Business by virtue of the SFO.
- (4) On January 26, 2024, Aura transferred 55,814,400 Shares to Supreme Development and Supreme Development transferred 303,695,400 Shares to Infinity Investment. Infinity Investment is wholly-owned by Supreme Development. As such, Mr. Ma Xiaohui is deemed to be interested in 303,695,400 Shares deemed to be held by Supreme Development through Infinity Investment pursuant to the SFO.
- (5) On January 26, 2024, Vast Business transferred 132,350,000 Shares to Vigorous Development. Vigorous Development is wholly-owned by Vast Business. As such, Mr. Ma Xiaohui is deemed to be interested in 132,350,000 Shares deemed to be held by Vast Business through Vigorous Development pursuant to the SFO.
- (6) As of the date of this report, Mr. Ma Xiaohui is deemed to be interested in 436,045,400 Shares, accounting for about 72.7% of the Company's total shares.
- (7) Mr. Ma Xiaohui resigned as a director of the Company on March 28, 2024.

Save as disclosed above, as of December 31, 2023, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code contained in Appendix C3 of the Listing Rules.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As of December 31, 2023, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or 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 were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Capacity/Nature of interest	Number of securities held <sup>(1)</sup>	Approximate percentage of shareholding
Supreme Development	Beneficial owner	247,881,000 Shares (L) <sup>(2)</sup>	41.3%
	Interest of controlled corporation <sup>(2)(4)</sup>	58,752,000 Shares (L) <sup>(3)</sup>	9.8%
Ms. Yu Juan (喻娟女士)	Interest of spouse <sup>(3)</sup>	438,983,000 Shares (L) <sup>(4)</sup>	73.2%
Vast Business	Beneficial owner <sup>(5)</sup>	132,350,000 Shares (L) <sup>(5)</sup>	22.1%
Aura	Beneficial owner <sup>(4)</sup>	58,752,000 Shares (L)	9.8%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the shares of the Company.
- (2) Aura is owned as to 95% by Supreme Development and as to 5% by Mr. Xiong. As such, Supreme Development is deemed to be interested in the 58,752,000 Shares held by Aura pursuant to the SFO.
- (3) Ms. Yu Juan is the spouse of Mr. Ma Xiaohui. As such, Ms. Yu Juan is deemed under the SFO to be interested in the Shares in which Mr. Ma Xiaohui is interested. As of the date of this report, Ms. Yu Juan is deemed under the SFO to be interested in the 436,045,400 shares, which accounting for about 72.7% of the Company's total shares.



## REPORT OF THE DIRECTORS (CONTINUED)

- (4) On January 26, 2024, Aura transferred 55,814,400 Shares to Supreme Development and Supreme Development transferred 303,695,400 Shares to Infinity Investment. Infinity Investment is wholly-owned by Supreme Development. As such, Aura has ceased to be a substantial shareholder and Supreme Development is deemed to be interested in 303,695,400 Shares held by Infinity Investment pursuant to the SFO as of the date of this report.
- (5) On January 26, 2024, Vast Business transferred 132,350,000 Shares to Vigorous Development. Vigorous Development is wholly-owned by Vast Business. As such, Vigorous Development is deemed to be interested in 132,350,000 Shares held by Vigorous Development pursuant to the SFO as of the date of this report.

Save as disclosed above, as of December 31, 2023, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or 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 were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### COMPETITION AND CONFLICT OF INTERESTS

During the year ended December 31, 2023, none of the Directors or Controlling Shareholders or any of their respective associates has any interests in any business that competes or may compete, directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

### CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

### CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

No contract of significance (including contract of significance for the provision of services) was entered into between the Company or its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended December 31, 2023 or subsisted as of December 31, 2023.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2023, the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased 9,081,000 shares of the Company at a total consideration of HK\$27,816,770. Save for the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

### SHARE OPTION SCHEME

The Company's existing Share Option Scheme was approved for adoption pursuant to a written resolution of the Shareholders passed on October 8, 2021 (the "**Adoption Date**") for the purpose of motivating the relevant participants to optimize their future contributions and efficiency to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

The eligible participants include any full-time or part-time employees, executives or officers, directors, advisers, consultants, suppliers, customers and agents of the Company or any of its subsidiaries; and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group.

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the Company's shares in issue as at the Listing Date (i.e. 60,000,000 shares) unless approved by the Shareholders. Such limit also represented 10% of the total issued shares of the Company as at the date of this annual report.



## REPORT OF THE DIRECTORS (CONTINUED)

Unless approved by shareholders of the Company in general meeting in the manner stipulated in the Listing Rules, the maximum entitlement for each eligible participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any twelve month period up to the date of grant shall not exceed 1% of the total number of shares in issue.

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.0 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date. The minimum period for which an option must be held before it can be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted.

The exercise price of share option granted under the Share Option Scheme shall be a price solely determined by the Board and shall be at least the highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the option; (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; and (c) the nominal value of a share.

Subject to earlier termination by the Company in general meeting or by the Directors, the Share Option Scheme shall be valid and effective for a period of ten years from the Adoption Date and remains in force until October 7, 2031.

During the year ended December 31, 2023 and as of that date, no options were granted under the Share Option Scheme.

### SHARE AWARD SCHEME

The Company has adopted the Share Award Scheme (the "**Scheme**") on May 22, 2023, (the "**SAS Adoption Date**") terms of the scheme rules is set out below.

#### Purposes and Objectives

The purposes of the Scheme are: (i) to recognize the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

#### Duration

Subject to any early termination as may be determined by the Board pursuant to the scheme rules, the Scheme shall be valid and effective for a term of ten years commencing on the SAS Adoption Date.

#### Administration

The Scheme is subject to the administration by the committee as from time to time delegated by the Board to administer the Scheme (the "**Committee**") and the professional trustee to be appointed by the Company of the trusts to be declared in the Trust Deed, who are independent third party to the Company (the "**Trustee**") in accordance with the scheme rules and the Trust Deed.

#### Operation of the Scheme

The Committee may from time to time cause to be paid a contributed amount to the Trust by way of settlement or otherwise contributed by the Company or any of its subsidiaries as directed by the Committee which shall constitute part of the Trust Fund, for the purchase of Shares and other purposes set out in the scheme rules and the Trust Deed.



## REPORT OF THE DIRECTORS (CONTINUED)

The Committee shall determine the number of Shares to purchase and, prior to the intended purchase, cause to be paid to the Trustee a contributed amount sufficient for the Trustee to complete the intended purchase.

Subject to the provisions of the scheme rules, the Committee may, from time to time, at its sole and absolute discretion select any Eligible Participant (other than any Excluded Participant) for participation in the Trust as a Selected Participant, and grant an award to any Selected Participant at such consideration subject to such terms and conditions as the Committee may in its sole and absolute discretion determine. The Committee may determine that a Selected Participant will be granted awarded interests in the form of awarded shares or awarded cash or in the combination thereof. The Committee may also grant the related income of the awarded interests to any Selected Participant in such amount or to such extent as the Committee determines.

No award shall be made by the Committee pursuant to the scheme rules and no instructions to acquire any Shares shall be given to the Trustee under the Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

### Vesting and Lapse

Subject to the terms and condition of the Scheme and the fulfillment of all vesting conditions applicable to the vesting of the awarded interests on such Selected Participant, the respective awarded interests held by the Trustee on behalf of the Selected Participant pursuant to the provision in the scheme rules shall vest in such Selected Participant in accordance with the applicable vesting schedule, and the Trustee shall cause the awarded interests to be transferred to such Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) for the benefit of the Selected Participant and any family members of such Selected Participant in accordance with the scheme rules.

In the event that prior to or on the vesting date, a Selected Participant is found to be an Excluded Participant or is deemed to cease to be an Eligible Participant pursuant to the scheme rules, the relevant award made to such Selected Participant shall automatically lapse forthwith and the relevant awarded shares shall not vest on the relevant vesting date but shall remain part of the Trust Fund.

A Selected Participant shall not have any interest or rights (including the right to receive dividends) in the awarded interests by virtue of the grant of an award pursuant to the Scheme, unless and until the awarded interests are actually transferred to the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) upon vesting of the awards on the vesting date. A Selected Participant shall have no rights in the residual cash or Shares or such other Trust Fund or property held by the Trust.

Unless otherwise determined by the Committee, in the event that the vesting conditions specified in the grant instrument are not fully satisfied prior to or on the relevant vesting date, the award of the awarded shares in respect of the relevant vesting date shall lapse, such awarded shares shall not vest on the relevant vesting date and the Selected Participant shall have no claims against the Company, the Board, the Committee, the Trust or the Trustee.

### Scheme Limit

The Committee shall not make any further award of awarded shares which will result in the aggregate number of the Shares awarded under the Scheme exceeding 10% of the issued share capital of the Company as of the SAS Adoption Date (i.e. 60,000,000 Shares).

The maximum number of Shares which may be awarded to a Selected Participant under the Scheme shall not exceed 1% of the issued share capital of the Company in any 12-month period.

The Shares held by the Trustee will not be regarded as public float.



## REPORT OF THE DIRECTORS (CONTINUED)

### Voting Rights

No instructions shall be given by a Selected Participant (including, without limitation, voting rights) to the Trustee in respect of the awarded shares that have not been vested, and such other properties of the Trust Fund managed by the Trustee.

The Trustee shall abstain and, where applicable, shall procure its wholly-owned subsidiary to abstain from exercising the voting rights in respect of any Shares held directly or indirectly by it under the Trust (if any) (including but not limited to the awarded shares, any bonus shares and scrip shares derived therefrom).

During the year ended December 31, 2023, the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased 9,081,000 shares of the Company at a total consideration of HK\$27,816,770 and no awards were granted under the Share Award Scheme.

Apart from the Share Option Scheme and Share Award Scheme, at no time during the year ended December 31, 2023 was any of the Company and its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such right.

### TAX RELIEF AND EXEMPTION

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

### PRE-EMPTIVE RIGHTS

There is no provision for the 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 its existing Shareholders.

### PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses (to the fullest extent permitted by the Companies Laws of the Cayman Islands) which he/she may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty. The Company has arranged for appropriate liability insurance to indemnify the Directors and senior management to reduce the risks that may be caused by the normal performance of duties of such personnel. For the year ended December 31, 2023, no claim has been made against the Directors and senior management.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Main Board Listing Rules during the year ended December 31, 2023 and up to the date of this annual report.

### CORPORATE GOVERNANCE REPORT

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in the CG Code as its own code to govern its corporate governance practices. In the opinion of the Directors, save as disclosed in this annual report and except for the deviation from code provisions C.2.7 and C.6.2 of the CG Code, the Company has complied with the relevant code provisions contained in the CG Code during the year ended December 31, 2023.



## REPORT OF THE DIRECTORS (CONTINUED)

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 20 to 33 of this annual report.

### ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group has not noted any material non-compliance with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands that a better future depends on everyone's participation and contribution. The Company has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole. Further, the Group has implemented environmental protection measures and has also encouraged staff to be environmental friendly at work by consuming electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste. The Group endeavors to maintain the relationships with its employees, suppliers and customers to ensure sustainable development. For further details of the Company's environmental performance and relationship with its employees, suppliers and customers, please refer to the Environmental, Social and Governance Report set out on pages 34 to 58 of this annual report.

### EQUITY-LINKED AGREEMENTS

Save as disclosed in this report, the Company has not entered into any equity-linked agreement during the year ended December 31, 2023.

### RETIREMENT BENEFIT PLAN

The Group participates in defined contribution retirement benefit plan managed by the PRC local government authorities for the Group's eligible employees in the PRC. The eligible employees in the PRC are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. Particulars of these retirement plans are set out in note 39.15 to the consolidated financial statements.

### MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended December 31, 2023.

### LOAN AND GUARANTEE

Save as disclosed in this report, during the year ended December 31, 2023, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the Controlling Shareholders or their respective connected persons.



## REPORT OF THE DIRECTORS (CONTINUED)

### CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to attend and vote at the AGM to be held on May 31, 2024, the register of members of the Company will be closed from May 28, 2024 to May 31, 2024, both days inclusive, during which no transfer of shares will be registered. To qualify for attending and voting at the AGM, Shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on May 27, 2024 for registration of the relevant transfer.

Conditional on the passing of the resolution approving the declaration of the proposed final dividend at the forthcoming AGM, the register of members of the Company will also be closed from June 6, 2024 to June 11, 2024 (both days inclusive) for the purpose of determining the entitlement to the proposed final dividend. In order to be qualified for the proposed final dividend (subject to the approval of the Shareholders at the forthcoming AGM), Shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to 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 no later than 4:30 p.m. on June 5, 2024.

### ANNUAL GENERAL MEETING

The AGM will be held on May 31, 2024. Shareholders should refer to details regarding the AGM in the circular of the Company dated April 26, 2024 and the notice of meeting and form of proxy accompanying thereto.

### AUDITORS

The consolidated financial statements of the Company for the year ended December 31, 2023 have been audited by PricewaterhouseCoopers.

### DONATION

No charitable or other donations were made by the Group during the year ended December 31, 2023.

### EVENTS AFTER THE FINANCIAL PERIOD

After the year financial ended December 31, 2023 and up to the date of this report, there has been no significant event relevant to the business or financial performance of the Group that comes to the attention of the Directors.

Best regards,

**Ma Xiaohui**

*Chairman of the Board and Executive Director*

**UJU HOLDING LIMITED**

Beijing, the PRC, March 28, 2024



# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders of UJU HOLDING LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

#### What we have audited

The consolidated financial statements of UJU HOLDING LIMITED (the “**Company**”) and its subsidiaries (the “**Group**”), which are set out on pages 80 to 143, comprise:

- the consolidated balance sheet as at December 31, 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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 International Standards on Auditing (“**ISAs**”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

#### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“**IESBA Code**”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition of online marketing solutions services
- Impairment losses on accounts receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Revenue recognition of online marketing solution services</b></p> <p>Refer to Notes 4.1 and 5 to the consolidated financial statements.</p> <p>For the year ended December 31, 2023, the Group recognised revenue of approximately RMB6,997,239,000 for the provision of all-in-one online marketing solution services, which is recognised on gross basis, and revenue of approximately RMB11,264,000 from the provision of advertisement distribution services, which is recognised on net basis (collectively referred to as the “<b>online marketing solution services</b>”).</p> <p>The determination as to gross or net basis used is based on the assessment as to whether the Group acts as a principal or an agent in the transaction, taking into account the nature of specified services and whether the Group obtains controls of the specified services before transferring to advertisers (the “<b>principal-agent assessment</b>”). In the principal-agent assessment, the indicators considered by management of the Company (“<b>management</b>”) mainly include (a) whether the Group is primarily responsible for fulfilling the promise to provide the specified services; (b) whether the Group has inventory risk before the specified services transferred to a customer; and (c) whether the Group has discretion in establishing the prices for the specified services.</p> <p>We focused on this area due to the significant management’s judgements involved in determining the Group’s role as a principal or an agent and hence the gross or net basis used in revenue recognition of online marketing solution services which will have a significant impact on the presentation of revenue and related cost in the consolidated financial statements.</p>	<p>We performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>— Understood, evaluated and tested, on a sample basis, the key controls over management’s principal-agent assessment, including management’s approval and review of sales contracts.</li> <li>— Discussed with management and understood the indicators and judgement which management considered and applied when performing principal-agent assessment under different circumstances.</li> <li>— Checked the online marketing solution services transactions, on a sample basis, for the key indicators that management considered in the principal-agent assessment to the relevant evidence, including the relevant sales contracts (focusing on scope of service and pricing terms), reports/screenshots generated from data management platform which manages advertisement creation and placement, and contracts of traffic acquisition from media partners. Also interviewed the Company’s key employees and observed the process on how they created and placed advertisement on the data management platform for the selected customers.</li> <li>— For the above samples selected, we considered whether the judgements made by management in assessing gross versus net basis would give rise to indicators of possible management bias.</li> </ul> <p>Based on the above, we considered that the management’s judgements applied in the revenue recognition of online marketing solution services using gross or net basis are supportable by the evidence obtained.</p>



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Impairment losses on accounts receivables</b></p> <p>Refer to Notes 3.1(b), 4.3 and 20 to the consolidated financial statements.</p> <p>As of December 31, 2023, the Group's gross accounts receivables and the provision for impairment losses on these receivables amounted to approximately RMB2,301,820,000 and RMB91,749,000 respectively.</p> <p>Management assessed the expected credit loss for accounts receivables (the "<b>ECL assessment</b>"), in determining the amount of provision for impairment loss on accounts receivables.</p> <p>Expected credit loss ("<b>ECL</b>") for accounts receivables relating to customers with known financial difficulties or significant doubt on collection of receivables were identified and assessed by management individually.</p> <p>ECL are also estimated by grouping the remaining accounts receivables based on their shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the industry the customers engaged in, the creditworthiness of the customers and their ageing category, and applying expected credit loss rates to the respective gross carrying amounts of the accounts receivables. The expected credit loss rates are determined based on historical credit loss rates and are adjusted to reflect existing market conditions and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the accounts receivables.</p> <p>We focused on this area because the ECL assessment is inherently subjective and requires significant management's judgement and estimation.</p>	<p>We performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>— Understood, evaluated, and tested, on a sample basis, the key controls over management's ECL assessment.</li> <li>— Assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors involved in management's ECL assessment such as subjectivity.</li> <li>— Assessed the appropriateness of the methodology as adopted by management in the ECL assessment, including the grouping of customers in determining the respective historical loss rates.</li> <li>— Discussed with management to understand the reasons and justifications behind each individual provision for those customers which were identified as having financial difficulties or the collection of the related accounts receivables were considered as with significant doubt and corroborated with public available information as we obtained from our internet search.</li> <li>— Tested, on a sample basis, the accuracy of the key data inputs for the determination of the ECL amounts, such as the ageing of accounts receivables and historical credit loss rates against the respective underlying supporting documents.</li> <li>— Discussed with management to understand the nature of forward-looking elements as considered by management and evaluated the management's judgement applied by considering China macroeconomic factors.</li> <li>— Evaluated the outcome of prior year's ECL assessment by performing a retrospective review, on a sample basis, on the settlement of accounts receivables during the year against relevant bank receipt records.</li> <li>— Checked the mathematical accuracy of the calculations of management's ECL assessment.</li> </ul>

Based on the above, we considered that the management's judgement and estimates applied in the ECL assessment of accounts receivables are supportable by the evidence obtained.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in UJU HOLDING LIMITED 2023 Annual Report (the “**annual report**”) other than the consolidated financial statements and our auditor’s report thereon. We have obtained some of the other information including the report of the directors, the management discussion and analysis and the financial highlights prior to the date of this auditor’s report. The remaining other information, including the chairman’s statement, corporate governance report, environmental, social and governance report, and the other sections to be included in the annual report, is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor’s report, 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.

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee of the Company and take appropriate action considering our legal rights and obligations.

### RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee of the Company is responsible for overseeing the Group’s financial reporting process.

### AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

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

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



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Cheuk Kay.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, March 28, 2024



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31,	
		2023 RMB'000	2022 RMB'000
Revenue	5	7,076,001	8,336,069
Cost of services and sales	6	(6,789,983)	(8,116,243)
<b>Gross profit</b>		286,018	219,826
Selling expenses	6	(30,563)	(24,655)
General and administrative expenses	6	(74,047)	(81,989)
Research and development expenses	6	(8,816)	(17,506)
Net impairment losses on financial assets	8	(45,909)	(21,550)
Other income	9	4,075	115,836
Other losses, net	10	(5,276)	(25,187)
<b>Operating profit</b>		125,482	164,775
Finance income		12,523	5,349
Finance costs		(20,784)	(21,378)
Finance costs, net	11	(8,261)	(16,029)
<b>Profit before income tax</b>		117,221	148,746
Income tax expenses	12	(26,249)	(35,167)
<b>Profit for the year</b>		90,972	113,579
<b>Other comprehensive income</b>			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(7,763)	(45,406)
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences on translation of the financial statements of the Company		12,705	72,319
		4,942	26,913
<b>Total comprehensive income for the year</b>		95,914	140,492



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Notes	Year ended December 31,	
		2023 RMB'000	2022 RMB'000
Profit is attributable to:			
Owners of the Company		90,560	113,579
Non-controlling interests		412	—
		90,972	113,579
Total comprehensive income for the year is attributable to:			
Owners of the Company		95,502	140,492
Non-controlling interests		412	—
		95,914	140,492
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
Basic earnings per share	13	0.15	0.19
Diluted earnings per share	13	0.15	0.19

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



## CONSOLIDATED BALANCE SHEET

	Notes	As at December 31,	
		2023 RMB'000	2022 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	15,372	20,178
Right-of-use assets	15	10,874	19,471
Intangible assets	16	1,282	—
Deferred income tax assets	28	32,985	32,752
Deposits	21	2,183	1,584
<b>Total non-current assets</b>		62,696	73,985
<b>Current assets</b>			
Inventories	17	10,729	10,435
Accounts receivables	20	2,210,071	2,704,930
Prepayments, deposits and other assets	21	425,387	869,462
Financial assets at fair value through other comprehensive income	19	—	6,420
Restricted cash	22	13,081	35,059
Cash and cash equivalents	23	719,445	288,660
<b>Total current assets</b>		3,378,713	3,914,966
<b>Total assets</b>		3,441,409	3,988,951
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	15	4,723	11,156
<b>Total non-current liabilities</b>		4,723	11,156
<b>Current liabilities</b>			
Accounts payables	24	1,433,800	1,679,626
Notes payables	25	150,000	—
Other payables and accruals	26	302,637	488,723
Borrowings	27	10,012	340,113
Lease liabilities	15	6,320	8,752
Contract liabilities	5	127,335	108,724
Current income tax liabilities		20,702	28,065
<b>Total current liabilities</b>		2,050,806	2,654,003
<b>Total liabilities</b>		2,055,529	2,665,159



## CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	As at December 31,	
		2023	2022
		RMB'000	RMB'000
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	29	38,380	38,380
Share premium		703,820	714,884
Treasury shares	30	(25,762)	—
Other reserves	31	71,272	57,003
Retained earnings		595,122	513,525
<b>Capital and reserves attributable to owners of the Company</b>		1,382,832	1,323,792
Non-controlling interests		3,048	—
<b>Total equity</b>		1,385,880	1,323,792
<b>Total liabilities and equity</b>		3,441,409	3,988,951

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 80 to 143 were approved and authorised for issue by the Board of Directors of the Company on March 28, 2024 and were signed on its behalf by:

Executive Director:  
**Mr. Peng Liang**

Executive Director:  
**Ms. Luo Xiaomei**



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Year ended December 31, 2023</b>									
<b>At January 1, 2023</b>		38,380	714,884	—	57,003	513,525	1,323,792	—	1,323,792
Profit for the year		—	—	—	—	90,560	90,560	412	90,972
Other comprehensive income		—	—	—	4,942	—	4,942	—	4,942
Total comprehensive income		—	—	—	4,942	90,560	95,502	412	95,914
<b>Transactions with owners in their capacity as owners:</b>									
Repurchase of the Company's shares	30	—	—	(25,762)	—	—	(25,762)	—	(25,762)
Transactions with non-controlling interests		—	—	—	364	—	364	2,636	3,000
Dividends declared and paid	33	—	(11,064)	—	—	—	(11,064)	—	(11,064)
Profit appropriation to statutory reserves	31	—	—	—	8,963	(8,963)	—	—	—
		—	(11,064)	(25,762)	9,327	(8,963)	(36,462)	2,636	(33,826)
<b>At December 31, 2023</b>		38,380	703,820	(25,762)	71,272	595,122	1,382,832	3,048	1,385,880



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Notes	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Year ended December 31, 2022</b>									
<b>At January 1, 2022</b>		38,380	765,068	—	22,330	407,706	1,233,484	—	1,233,484
Profit for the year		—	—	—	—	113,579	113,579	—	113,579
Other comprehensive income		—	—	—	26,913	—	26,913	—	26,913
Total comprehensive income		—	—	—	26,913	113,579	140,492	—	140,492
<b>Transactions with owners in their capacity as owners:</b>									
Dividends declared and paid	33	—	(50,184)	—	—	—	(50,184)	—	(50,184)
Profit appropriation to statutory reserves	31	—	—	—	7,760	(7,760)	—	—	—
		—	(50,184)	—	7,760	(7,760)	(50,184)	—	(50,184)
<b>At December 31, 2022</b>	38,380		714,884	—	57,003	513,525	1,323,792	—	1,323,792

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended December 31,	
		2023 RMB'000	2022 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	34(a)	833,644	(162,997)
Interest received		12,362	5,349
Income tax paid		(33,845)	(60,874)
<b>Net cash from/(used in) operating activities</b>		812,161	(218,522)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(884)	(15,300)
Proceeds from disposal of property, plant and equipment	34(c)	188	61
Purchases of intangible assets		(1,415)	—
Loans to a third party		—	(3,482)
<b>Net cash used in investing activities</b>		(2,111)	(18,721)
<b>Cash flows from financing activities</b>			
Capital injection from non-controlling interests		3,000	—
Repurchase of shares		(25,762)	—
Dividends paid		(11,064)	(50,184)
Proceeds from borrowing from a financial institution		—	11,000
Repayment borrowing to a financial institution		(9,950)	(1,113)
Proceeds from bank and factoring borrowings		366,943	995,960
Repayment of bank and factoring borrowings		(686,943)	(965,964)
Decrease in bank deposits restricted for borrowings		—	45,016
Deposits paid to a third party guarantee company		—	(10,000)
Repayment of deposits from a third party guarantee company		10,000	15,000
Payment of lease liabilities		(8,378)	(12,641)
Interest paid		(19,955)	(19,841)
<b>Net cash (used in)/from financing activities</b>		(382,109)	7,233
Net increase/(decrease) in cash and cash equivalents		427,941	(230,010)
Cash and cash equivalents at beginning of the year		288,660	499,943
Exchange gains on cash and cash equivalents		2,844	18,727
<b>Cash and cash equivalents at end of the year</b>	23	719,445	288,660

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

UJU HOLDING LIMITED (the “**Company**”) was incorporated in the Cayman Islands on September 21, 2020 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The Company has completed its listing on the Main Board of The Stock Exchange of Hong Kong Limited on November 8, 2021 (the “**Listing**”).

The Company is an investment holding company. The Company and its subsidiaries (together referred as the “**Group**”) are principally engaged in provision of one-stop cross-media online marketing solutions through media partners to market the products and services of the Group’s advertiser customers, provision of advertisement distribution services, live streaming e-commerce services (including provision of live streaming e-commerce services and sales of goods in online media platforms).

The ultimate holding company of the Company is Supreme Development Limited (“**Supreme Development**”), a company incorporated in the British Virgin Islands, and is controlled by Mr. Ma Xiaohui (“**Mr. Ma**”), the ultimate controlling shareholder (the “**Controlling Shareholder**”) of the Group.

These consolidated financial statements are presented in Renminbi (“**RMB**”) and all amounts are rounded to the nearest thousand of Renminbi (RMB’000), unless otherwise stated.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2 BASIS OF PREPARATION

The Group's principal subsidiaries at December 31, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

As of December 31, 2023, the Group's subsidiaries are as below:

Company name	Place and date of incorporation/ establishment/ operation	Kind of legal entity	Principal activities	Issued and paid-in capital/ Registered capital	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
					As at December 31, 2023	2022	As at December 31, 2023	2022
<b>Directly held:</b>								
Uju Hongkong Limited ("Uju Hong Kong")	Hong Kong/ November 2, 2020	Limited liability company	Investment holding	HKD10,000	100%	100%	—	—
<b>Indirectly held:</b>								
Uju Interactive (Beijing) Technology Co., Ltd. ("Uju Beijing")	The PRC/ November 23, 2017	Limited liability company	Online marketing solutions	RMB460,000,000	100%	100%	—	—
Beijing Juliang Tongchuang Technology Co., Ltd. ("Beijing Juliang")	The PRC/ October 20, 2020	Limited liability company	Online marketing solutions	RMB1,000,000	100%	100%	—	—
Hainan Uju Technology Co., Ltd. ("Hainan Uju")	The PRC/ April 17, 2020	Limited liability company	Online marketing solutions	RMB10,000,000	100%	100%	—	—
Shanghai Juqing Technology Co., Ltd. ("Shanghai Juqing")	The PRC/ November 13, 2020	Limited liability company	Online marketing solutions	RMB1,000,000	100%	100%	—	—
Chongqing Juqing Internet Technology Co., Ltd. ("Chongqing Juqing")	The PRC/ March 10, 2021	Limited liability company	Online marketing solutions	RMB1,000,000	100%	100%	—	—
Hangzhou Qingchunyouju Technology Co., Ltd. ("Hangzhou Qingchunyouju")	The PRC/ December 9, 2021	Limited liability company	Online marketing solutions	RMB10,000,000	100%	100%	—	—
Hainan Yingliang Technology Co., Ltd. ("Hainan Yingliang")	The PRC/ February 28, 2022	Limited liability company	Online marketing solutions	RMB5,000,000	100%	100%	—	—



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2 BASIS OF PREPARATION (Continued)

Company name	Place and date of incorporation/ establishment/ operation	Kind of legal entity	Principal activities	Issued and paid-in capital/ Registered capital	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
					As at December 31, 2023	2022	As at December 31, 2023	2022
<b>Indirectly held:</b> (Continued)								
Beijing Yiju Technology Co., Ltd. ("Beijing Yiju")	The PRC/ July 1, 2022	Limited liability company	Online marketing solutions	RMB500,000	100%	100%	—	—
Guangzhou Juliang Network Technology Co., Ltd. ("Guangzhou Juliang")	The PRC/ August 2, 2022	Limited liability company	Online marketing solutions	RMB500,000	100%	100%	—	—
Hangzhou Jubaopen Technology Co., Ltd. ("Hangzhou Jubaopen")	The PRC/ February 22, 2022	Limited liability company	Sales of goods	RMB10,000,000	70%	100%	30%	—
Hangzhou Rouduoduo Food Co., Ltd. ("Hangzhou Rouduoduo")	The PRC/ July 1, 2022	Limited liability company	Sales of goods	RMB1,000,000	100%	100%	—	—
Hangzhou juxianguojiang Business Co., Ltd. ("Hangzhou juxianguojiang")	The PRC/ July 1, 2022	Limited liability company	Online marketing solutions	RMB1,000,000	100%	100%	—	—
Beijing Juzhongbai Technology Co., Ltd. ("Beijing Juzhongbai") *	The PRC/ March 3, 2023	Limited liability company	Online marketing solutions	RMB5,000,000	70%	—	30%	—
Foshan Youliangtongchuang Technology Co., Ltd. ("Foshan Uju") *	The PRC/ August 26, 2023	Limited liability company	Online marketing solutions	RMB2,000,000	100%	—	—	—
Uju International Hongkong Limited ("Uju International HK") *	Hong Kong/ February 7, 2023	Limited liability company	Sales of goods	HKD200,000	51%	—	49%	—

\* Subsidiaries as newly incorporated by the Group during the year ended December 31, 2023.

All English names represent the best effort of the Company in translating the Chinese names, as they do not have official English names, and are for reference only.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2 BASIS OF PREPARATION (Continued)

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied throughout all years presented, unless otherwise stated.

#### (i) Compliance with IFRS Accounting Standards and HKCO

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“HKCO”).

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards (“IFRS”)
- IAS Standards (“IAS”)
- Interpretations developed by the IFRS Interpretations Committee (“IFRIC Interpretations”) or its predecessor body, the standing Interpretations Committee (“SIC Interpretations”)

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

#### (ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets measured at fair value.

#### (iii) New or amended standards adopted by the Group

The Group has applied the following new or amended standards which are effective for its annual reporting period commencing January 1, 2023:

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

The adoption of these new or amended standards did not result in any material impact on the accounting policies of the Group and the presentation of these consolidated financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2 BASIS OF PREPARATION (Continued)

#### (iv) New or amended standards not yet adopted

The following amended standards have been published but not mandatory for reporting periods ended December 31, 2023 and have not been early adopted by the Group:

	New or amended standards	Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	January 1, 2024
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already assessed the impact of these amended standards. According to the assessment made by the directors of the Company, no significant impact on the financial performance and position of the Group is expected when the abovementioned amended standards become effective.

### 3 FINANCIAL RISK MANAGEMENT

The Group's activities may expose it to a variety of financial risks: market risk (primarily foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management of the Group and approved by the executive directors of the Company.

#### 3.1 Financial risk factors

##### (a) Market risk

##### (i) Foreign exchange risk

The functional currency of the Company is Hong Kong dollar ("HKD"). The Group's primary subsidiaries are incorporated in the PRC and these subsidiaries consider RMB as their functional currency.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency (primarily USD) other than the functional currency of the each of the group companies.

For the year ended December 31, 2023, if RMB had strengthened/weakened by 5% against USD, with all other variables held constant, pre-tax profit for the year would have been RMB12,485,000 (2022: RMB3,563,000) lower/higher respectively, mainly as a result of foreign exchange (losses)/gains on retranslation of USD-denominated cash and cash equivalents.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (a) Market risk (Continued)

##### (ii) Cash flow and fair value interest rate risk

Financial assets/liabilities with variable interest rate expose the Group to cash flow interest-rate risk and financial assets/liabilities with fixed interest rate expose the Group to fair value interest-rate risk. All of the Group's borrowings (Note 27) bear interests at fixed interest rates as at December 31, 2023 and 2022. Other than these borrowings, interest-bearing cash and cash equivalents, restricted cash and lease liabilities, the Group has no other significant interest-bearing assets or liabilities. The directors of the Company do not anticipate there is any significant impact on the Group resulting from the changes in interest rates.

##### (b) Credit risk

##### (i) Risk management

Credit risk is managed on a group basis.

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents, accounts receivables, deposits and other receivables and financial assets at fair value through comprehensive income ("FVOCI"). The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage credit risk, cash and cash equivalents are mainly placed with state-owned or reputable banks or financial institutions in the PRC and reputable international banks or financial institutions outside of the PRC. There has been no recent history of default in relation to these banks or financial institutions.

To manage the risk arising from accounts receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties.

The Group generated revenue from advertisers or its agencies. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group performed credit evaluation which focus on the customer's history of making payments and current ability to pay. Generally, the Group does not obtain collateral from customers unless for any need to do so.

The Group was exposed to concentration of credit risk on its accounts receivables. As at December 31, 2023 and 2022, accounts receivables of approximately RMB1,556,466,000 and RMB2,116,787,000 respectively (representing approximately 68% and 76% of the Group's gross accounts receivables, respectively) were due from the Group's largest five customers (including the major customer A as mentioned in Note 5). Given the strong business relationship established with these customers, the regular payments made according to contract terms and the financial capability of these customers, the directors of the Company do not expect that there will be any significant credit risk from the non-performance of these customers.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets

##### Accounts receivables

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

To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the aging of receivables. The expected loss rates are based on the payment profiles and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

And the recognition and measurement method of loss allowance for each category is measured separately:

- For accounts receivables due from customers grouped based on similar credit risk characteristics, the Group calculates the expected credit loss by referring to the historical credit loss experience, combining with the current situation and the forecast of future economic conditions and considering the accounts receivables aging and expected credit loss rate during the lifetime.
- For accounts receivables due from customers with different credit risks, such as the customers that the Group has identified with financial difficulties, the Group applies the individual identification method based on the characteristics of credit risk of each individual balance. The Group also applies the individual identification method for those customers with external credit ratings available.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 3 FINANCIAL RISK MANAGEMENT (Continued)

## 3.1 Financial risk factors (Continued)

## (b) Credit risk (Continued)

## (ii) Impairment of financial assets (Continued)

## Accounts receivables (Continued)

The balance of each category of accounts receivables as at December 31, 2023 and 2022 was as follows:

	Accounts receivables RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
<b>At December 31, 2023</b>			
Accounts receivables			
Customers grouped based on similar credit risk characteristics	875,172	(56,496)	818,676
Customers with specific credit risks or credit ratings	1,426,648	(35,253)	1,391,395
	2,301,820	(91,749)	2,210,071
<b>At December 31, 2022</b>			
Accounts receivables			
Customers grouped based on similar credit risk characteristics	623,091	(39,494)	583,597
Customers with specific credit risks or credit ratings	2,172,451	(51,118)	2,121,333
	2,795,542	(90,612)	2,704,930



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Accounts receivables (Continued)

The loss allowance as at December 31, 2023 and 2022 was determined as follows for accounts receivables from customers which have been grouped based on similar credit risk characteristics:

	Less than 90 days RMB'000	91–180 days RMB'000	181–270 days RMB'000	Over 270 days RMB'000	Total RMB'000
<b>At December 31, 2023</b>					
Accounts receivables gross carrying amount	796,621	25,502	7,374	45,675	875,172
Less: loss allowance	(7,050)	(3,511)	(3,176)	(42,759)	(56,496)
	789,571	21,991	4,198	2,916	818,676
<i>Expected loss rate (%)</i>	0.88%	13.77%	43.07%	93.62%	6.46%
<b>At December 31, 2022</b>					
Accounts receivables gross carrying amount	455,255	119,547	24,798	23,491	623,091
Less: loss allowance	(3,227)	(9,078)	(8,628)	(18,561)	(39,494)
	452,028	110,469	16,170	4,930	583,597
<i>Expected loss rate (%)</i>	0.71%	7.59%	34.79%	79.01%	6.34%

The accounts receivables from customers with credit ratings amounted to approximately RMB1,366,703,000 and RMB2,086,040,000 as at December 31, 2023 and 2022, respectively, which primarily include the accounts receivable from the major customer A as mentioned in Note 5. These customers with credit ratings are all reputable and well rated in the market. Therefore, management considered that the credit risk associated with these customers is very limited. As at December 31, 2023, the expected credit loss rates applied to the accounts receivables from these customers with credit ratings ranged from 0.03% to 0.19% (2022: 0.02% to 0.09%) and the net reversal for credit loss allowances as recognised on these accounts receivables during the year ended December 31, 2023 amounted to approximately RMB67,000 (2022: RMB44,000).

The accounts receivable from customers with specific credit risks amounted to approximately RMB59,945,000 and RMB86,411,000 as at December 31, 2023 and 2022, respectively. The Group has recognised credit loss allowance of RMB34,423,000 (2022: RMB50,355,000) against these accounts receivables considering the financial difficulties encountered by the respective customers.

Throughout the years presented, management kept monitoring closely the recoverability of accounts receivables.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Accounts receivables (Continued)

Accounts receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the bankruptcy of a debtor.

Impairment losses on accounts receivables are presented as “net impairment losses on financial assets” within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

##### Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) as at December 31, 2022 was bank acceptance bills receivables (Note 19) and management considered the related credit risk is minimal.

##### Other financial assets at amortised cost

Other financial assets at amortised cost mainly include deposits and other receivables. The Group considers the probability of default upon initial recognition of other receivables and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default on other receivables as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors’ ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtors;
- significant increases in credit risk on other financial instruments of the same debtors; or
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors, etc.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

Other financial assets at amortised cost (Continued)

For the deposits, advances to staff and other receivables, management applies 3-stages model to assess the expected credit loss. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences.

- Stage 1 — Deposits, advances to staff and other receivables that are not credit-impaired since initial recognition are classified in 'stage 1' and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.
- Stage 2 — If a significant increase in credit risk (specifically, when the debtor is more than 1 day past due on its contractual payments) since initial recognition is identified, the financial instrument is moved to 'stage 2' but is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis.
- Stage 3 — If the financial instrument is credit-impaired (specifically, when the debtor is more than 90 days past due on its contractual payments), the financial instrument is then moved to 'stage 3'. The expected credit loss is measured on lifetime basis.

In view of the history of cooperation with the debtors and collection from them, the Group provides for credit losses against other financial assets at amortised cost as of December 31, 2023 and 2022 as follows:

Category of other financial assets at amortised cost	Expected credit loss rate	Gross carrying amount (Stage 1) RMB'000	Gross carrying amount (Stage 2) RMB'000	Gross carrying amount (Stage 3) RMB'000	Total RMB'000
<b>As at December 31, 2023</b>					
Deposits	0.75%	92,484	—	—	92,484
Advances to staff	0.84%	2,012	—	—	2,012
Other receivables	80.17%	6,761	—	46,760	53,521
Total		101,257	—	46,760	148,017
<b>As at December 31, 2022</b>					
Deposits	0.34%	139,419	—	—	139,419
Advances to staff	0.72%	1,384	—	—	1,384
Other receivables	60.09%	15,955	—	47,760	63,715
Total		156,758	—	47,760	204,518



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

Other financial assets at amortised cost (Continued)

The loss allowance for other financial assets at amortised cost as at the respective balance sheet dates, reconciles to the opening loss allowance are as follows:

	Deposits RMB'000	Advances to staff RMB'000	Other receivables RMB'000	Total RMB'000
<b>Opening loss allowance as at January 1, 2022</b>	410	3	1	414
Increase in the allowance recognised in profit or loss during the year	61	7	38,283	38,351
<b>Closing loss allowance as at December 31, 2022</b>	471	10	38,284	38,765
Increase in the allowance recognised in profit or loss during the year	223	14	4,726	4,963
Receivables written off during the year as uncollectable	—	(7)	—	(7)
<b>Closing loss allowance as at December 31, 2023</b>	694	17	43,010	43,721



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk

To manage the liquidity risk, the Group's management monitors and maintains cash and cash equivalents at a level which is considered as adequate by the management to finance the Group's operations and mitigate the effects of any unexpected significant fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
<b>At December 31, 2023</b>				
Accounts payables	1,433,800	—	—	1,433,800
Notes payables	150,000	—	—	150,000
Other payables and accruals (excluding non-financial liabilities)	78,104	—	—	78,104
Borrowings	10,201	—	—	10,201
Lease liabilities	6,578	4,861	—	11,439
	1,678,683	4,861	—	1,683,544
<b>At December 31, 2022</b>				
Accounts payables	1,679,626	—	—	1,679,626
Other payables and accruals (excluding non-financial liabilities)	81,492	—	—	81,492
Borrowings	349,852	—	—	349,852
Lease liabilities	9,850	7,293	5,334	22,477
	2,120,820	7,293	5,334	2,133,447



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. The gearing ratios at December 31, 2023 and 2022 were as follows:

	As at December 31,	
	2023	2022
Gearing ratio	60%	67%

#### 3.3 Fair value estimation

##### (i) Fair value hierarchy

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

As at December 31, 2023, the Group did not have any financial assets that were measured at fair value.

The following table presents the Group's financial assets that were measured at fair value as at December 31, 2022.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVOCI				
— Bank acceptance bills	—	—	6,420	6,420

The Group did not have any financial liabilities that were measured at fair value as of December 31, 2023 and 2022.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (ii) Valuation process and valuation techniques used to determine level 3 fair value

The Group has a team that manages the valuation exercise of level 3 instruments on a case by case basis for the financial reporting purpose. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate.

##### (iii) Fair value measurements using significant unobservable inputs (level 3)

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

	Significant unobservable inputs	Range of inputs As at December 31,		Relationship of unobservable inputs to fair values
		2023	2022	
Bank acceptance bills	Discount rate	N/A	2.00%	The higher the discount rate, the lower the fair value

For bank acceptance bills at fair value through other comprehensive income, the estimated carrying amount as of December 31, 2022 would have been RMB5,000 lower/higher should the expected factoring rate used in discounted cash flow analysis be 1% higher/lower from management's estimates. The Group does not have any bank acceptance bills that were measured at fair value through other comprehensive income as of December 31, 2023.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

#### 4.1 Determination of revenue recognition on gross or net basis

As disclosed in Note 5, the Group provides online marketing solution services to its customers, which involve the assessment of revenue recognition on a gross or net basis, i.e. principal vs agent assessment in different business models. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the Group has inventory risk before the specified service has been transferred to a customer; and (c) whether the Group has discretion in establishing the prices for the specified goods or service. Management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgment when assessing the indicators depending on each different circumstances.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### 4.2 Rebates from media partners

As disclosed in Note 5, media partners (or their authorised agencies) may grant the Group rebates in various forms. The Group records such rebates as reduction of cost of services under gross basis (where the Group acts as principal), or as revenue under net basis (where the Group acts as agent). The rebates earned by the Group from media partners (or their authorised agencies) come with a variety of structures and rates, which are primarily determined based on the contract terms with these media partners (or their authorised agencies), their applicable rebate policies, the business performances of the Group and the discretionary incentive programs as set up by the media partners (or their authorised agencies).

The Group accrues rebates from media partners based on evaluation as to whether the contractually stipulated thresholds of the Group's spending on traffic consumption are likely to be reached, or other benchmarks or certain prescribed classification are likely to be qualified. This determination requires significant judgment and estimation. In making this judgment and estimation, the Group evaluates based on the past experience and regular monitoring of various performance factors set within the rebate policies. Such rebates as a percentage of gross spending of the Group and the advertisers may fluctuate and are reviewed and adjusted from time to time.

#### 4.3 Impairment of accounts receivables and other financial assets

The Group follows the guidance of IFRS 9 when assessing the expected credit losses of accounts receivables and other financial assets. This determination requires significant judgment and estimation. In making this judgment and estimation, the Group evaluates, among other factors, the aging of accounts receivables and the financial position and collection history of debtors and expected future changes in credit risks, including the consideration of factors such as general economy measure, changes in macroeconomic indicators etc. Further details are included in Note 3.1(b) to the consolidated financial statements.

#### 4.4 Current and deferred income tax

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5 REVENUE AND SEGMENT INFORMATION

#### 5.1 Revenue from contracts with customers

An analysis of the Group's revenue from contracts with customers by category for the years ended December 31, 2023 and 2022 was as follows:

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
All-in-one online marketing solution services	6,997,239	8,262,846
Advertisement distribution services	11,264	25,242
Live streaming e-commerce businesses (note)	61,855	38,442
Provision of other services	5,643	9,539
<b>Total</b>	<b>7,076,001</b>	<b>8,336,069</b>

Note:

For the years ended December 31, 2023 and 2022, live streaming e-commerce businesses mainly include provision of live streaming e-commerce services and sales of goods in online media platforms.

An analysis of the Group's revenue from contracts with customers by the timing of revenue recognition for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Revenue recognised:		
– at a point in time	6,079,506	7,035,394
– over time	996,495	1,300,675
<b>Total</b>	<b>7,076,001</b>	<b>8,336,069</b>

The Group has concentration of credit risk from a major customer A as the customer contributed approximately 50% and 43% of the Group's total revenue for the years ended December 31, 2023 and 2022, respectively.

As at December 31, 2023 and 2022, the accounts receivable balance from the aforesaid major customer A amounted to approximately RMB1,245,135,000 and RMB1,484,122,000, representing approximately 54% and 53% of the Group's gross total accounts receivable, respectively.

Except for the abovementioned major customer A, no other individual customer has contributed more than 10% of the Group's total revenue during the years ended December 31, 2023 and 2022.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5 REVENUE AND SEGMENT INFORMATION (Continued)

#### 5.1 Revenue from contracts with customers (Continued)

##### (a) Contract liabilities

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

	As at December 31,		As at January 1,
	2023	2022	2022
	RMB'000	RMB'000	RMB'000
Advance from customers	127,335	108,724	163,184

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

##### *Revenue recognised in relation to contract liabilities*

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	108,724	163,184

##### (b) Transaction price allocated to unsatisfied long-term contract

The Group generally enters into service contracts with customers for a contract term less than one year. Therefore, the Group has applied the practical expedient permitted under IFRS 15 "Revenue from Contracts with Customers" not to disclose the transaction price allocated to the unsatisfied performance obligations.

##### (c) Assets recognised from costs to fulfil a contract

While providing all-in-one solution service to customers, the Group may incur fulfilment costs including production cost of short video, etc. However, considering that the service is usually satisfied in a short period, the Group did not capitalise assets recognised from costs to fulfil a contract.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5 REVENUE AND SEGMENT INFORMATION (Continued)

#### 5.2 Accounting policies of revenue recognition

##### (a) Revenue from provision of online marketing solutions

The Group generates revenue primarily from providing online marketing solutions. The method the Group recognises revenue from its online marketing solutions business is affected by the role under each particular contract with customers. For contracts where the Group acts as a principal, the Group recognises revenue on a gross basis, while for contracts where the Group acts as an agent, the Group recognises revenue on a net basis. In determining whether the Group is acting as a principal or as an agent in the provision of online marketing solutions, it requires the Group's management's judgements and considerations of all relevant facts and circumstances, including but not limit to (a) whether the Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the Group has inventory risk before the specified service has been transferred to a customer or after transfer of control to the customer; and (c) whether the Group has discretion in establishing the prices for the specified goods or service. Specifically, for all-in-one online marketing solution service, the Group recognises revenue on a gross basis; while for advertisement distribution service, the Group recognises revenue on a net basis. When the Group provides services to customers which are charged based on the time advertised under the cost-per-time ("**CPT**") model, control of services transfers over time and revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.

##### (i) *All-in-one Online Marketing Solutions Services (Gross basis)*

The Group provides one-stop online marketing solutions, including traffic acquisition from top media platforms (i.e. online publishers), content production, big data analysis and advertising campaign optimisation, to the Group's advertisers. The Group charges the advertisers primarily based on a mix of CPC (i.e. "**Cost-Per-Click**") or CPT (i.e. "**Cost-Per-Time**") and recognise revenue when specified action, such as click-throughs, is performed. Media partners may also grant to the Group rebates (i) in the form of prepayments for future traffic acquisition; (ii) to net off the accounts payables the Group owed to them; or (iii) in cash mainly based on the gross spending of the advertisers.

While none of the factors individually are considered presumptive or determinative, in these arrangements the Group is the primary obligor and responsible for (i) identifying and contracting with third-party advertisers which the Group views as customers, and delivering the specified integrated services to the advertisers; (ii) bearing certain risks of loss to the extent that the cost incurred for producing contents, formulating advertisement campaign and acquiring user traffic from media platforms cannot be compensated by the total consideration received from the advertisers, which is similar to inventory risk; and (iii) performing all the billing and collection activities, including retaining credit risk. The Group has control in the specified service before that service is delivered to the advertiser and act as the principal of these arrangements and therefore recognises revenue earned and costs incurred related to these transactions on a gross basis. Under these arrangements, the rebates earned from the media partners are recorded as a reduction of cost of services.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5 REVENUE AND SEGMENT INFORMATION (Continued)

#### 5.2 Accounting policies of revenue recognition (Continued)

##### (a) Revenue from provision of online marketing solutions (Continued)

###### (ii) *Advertisement Distribution Services (Net basis)*

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

The Group is not the principal in this arrangement as the Group does not control the specified service before that service is delivered to the customer, because (i) the Group does not provide the all-in-one integrated services. Online publisher (i.e. media platforms), rather than the Group, is primarily responsible for providing the media publishing service; (ii) the media platforms are identified and determined by the customers, rather than the Group. Therefore, the Group is not the principal in executing these transactions. The Group reports the amount received from the customers and the amounts paid to the media platforms related to these transactions on a net basis. Under these arrangements, media partners may also grant the Group rebates which are recorded as revenue in the consolidated statement of profit or loss and other comprehensive income.

The Group may offer rebates to customers as part of its incentive activities in some circumstances at its own discretion. Upon when the Group has decided to offer such incentive rebates to its customers, the rebates as offered under the abovementioned “All-in-one Online Marketing Solutions Services (Gross basis)” and “Advertisement Distribution Services (Net basis)” business models are both considered as variable considerations and hence recognised as a deduction of revenue for the period when the related promised services were transferred to the customers.

##### (b) Revenue from e-commerce businesses

###### (i) *Live streaming e-commerce services*

The Group provides live streaming e-commerce services, with major performance obligation to facilitate streamers, show room, operation personnel, digital marketing solution, etc. The Group act as a service provider under service fee model. The Group charges its customers a combination of fixed fees and/or variable fees based on the value of merchandise sold or other variable factors. The Group recognises service fees as revenue over time in the consolidated statement of profit or loss and other comprehensive income during the service period. All the costs that the Group incurs in the provision of the services are classified as cost of services on the consolidated statement of profit or loss and other comprehensive income.

###### (ii) *Sales of goods*

The Group engages in sales of goods and concluded that the Group acts as the principal for such transactions as it controls the specified goods before they are transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to deliver the goods and the Group has inventory risk. When the Group satisfies the performance obligation, being at the point the goods are delivered to the customers, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5 REVENUE AND SEGMENT INFORMATION (Continued)

#### 5.2 Accounting policies of revenue recognition (Continued)

##### (c) Revenue from provision of other services

The Group also engages in the provision of other services, mainly including the provision of SaaS service, including both self-developed SaaS platform and third party authorised SaaS service. Self-developed SaaS platform is dedicated to facilitate advertisement distributors in managing and uploading advertisement contents. The Group charges advertisement distributors at a fixed service fee rate and recognises revenue when the service is delivered. The Group also acts as a sales agent of third party authorized SaaS platform service and earns commission fee as calculated based on the number of platform users as referred by the Group. The Group recognises the commission fee as revenue when referred users complete registration on the third party authorised SaaS platform.

#### 5.3 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

The Group is principally engaged in the provision of all-in-one online marketing solutions services (including traffic acquisition from top media platforms, content production, big data analysis and advertising campaign optimisation) and also advertisement distribution services to the customers (which are primarily providing traffic acquisition service only) to customers in the PRC. For the purpose of resources allocation and performance assessment, the CODM focuses on the operating results of the Group as a whole. As a result, the CODM considers that the Group’s business is operated and managed as a single reportable segment and accordingly no segment information is presented.

### 6 EXPENSES BY NATURE

The details of cost of services and sales, selling expenses, general and administrative expenses and research and development expenses are as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Traffic acquisition and monitoring costs	6,657,207	7,951,800
Employee benefit expenses (Note 7)	147,402	195,579
Outsourcing short video production, advertising and streamer costs	27,459	28,154
Costs of inventories sold	14,617	3,003
Depreciation and amortisation expenses	12,818	17,403
Professional and consulting service fees	12,168	10,133
Taxes and surcharges	10,226	14,684
Travelling expenses	6,390	5,637
Office expenses	5,136	5,475
Transportation cost	3,238	815
Auditor’s remuneration		
— audit services	2,950	3,000
— non-audit services	170	120
Others	3,628	4,590
<b>Total</b>	<b>6,903,409</b>	<b>8,240,393</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 7 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Wages, salaries and bonuses	112,411	155,673
Pension costs — defined contribution plans (note)	12,983	16,625
Other social security costs, housing benefits and other employee benefits	22,008	23,281
<b>Total</b>	<b>147,402</b>	<b>195,579</b>

Note:

During the year ended December 31, 2023, no forfeited contributions were utilised by the Group to reduce its pension contributions (2022: Nil).

**(a) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group include 2 (2022: 2) directors for the year ended December 31, 2023, whose emoluments are reflected in the analysis shown in Note 37 for each of the years presented.

The emoluments payable to the remaining 3 (2022: 3) highest paid individuals during the year ended December 31, 2023 are as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Wages, salaries and bonuses	6,129	8,626
Pension costs — defined contribution plans	235	122
Other social security costs, housing benefits and other employee benefits	179	125
	<b>6,543</b>	<b>8,873</b>

Their emoluments fell within the following bands:

Emolument bands (in HKD)	Number of individuals	
	Year ended December 31,	
	2023	2022
1,500,001–2,000,000	2	—
2,500,001–3,000,000	—	2
3,000,001–4,000,000	1	—
4,500,001–5,000,000	—	1
	<b>3</b>	<b>3</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 8 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Provision for/(reversal of) impairment losses		
– accounts receivables	40,946	8,671
– other receivables	4,963	38,351
– financial assets at fair value through other comprehensive income	—	(25,472)
<b>Total</b>	<b>45,909</b>	<b>21,550</b>

## 9 OTHER INCOME

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Government grants	3,312	24,192
Value-added tax additional deduction (note)	527	91,450
Others	236	194
<b>Total</b>	<b>4,075</b>	<b>115,836</b>

Pursuant to the Announcement on Relevant Policies for Deepening the Value-added Tax Reform (Cai Shui Haiguan [2019] 39) jointly issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, the Group's subsidiary, Uju Beijing and Shanghai Juqing, as modern service companies, qualify for additional 10% deduction of input VAT from output VAT up to December 31, 2023. Any additional deductions as applied by the Group and approved by the relevant tax authorities are recognised as other income when it was incurred.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 10 OTHER LOSSES, NET

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Net foreign exchange losses	(6,224)	(13,113)
Provision for impairment and losses on merchandises obtained in a settlement-in-kind arrangement	(1,532)	(10,934)
Late surcharge and penalties	(504)	(1,216)
Reversal of aged payable balances	2,907	—
Net gain on early termination of leases	87	95
Others	(10)	(19)
<b>Total</b>	<b>(5,276)</b>	<b>(25,187)</b>

## 11 FINANCE COSTS, NET

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
<b>Finance income</b>		
Interest income from		
— bank deposits	12,362	5,349
— loan to a third party	161	—
	12,523	5,349
<b>Finance costs</b>		
Interest expenses on		
— bank borrowings	(11,199)	(7,337)
— factoring borrowings	(7,296)	(12,249)
— borrowings from a financial institution	(500)	(250)
— discount of bank acceptance bills	(809)	(335)
— lease liabilities (Note 15)	(980)	(1,207)
	(20,784)	(21,378)
<b>Finance costs, net</b>	<b>(8,261)</b>	<b>(16,029)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 12 INCOME TAX EXPENSES

Income tax expense during the years presented comprise of:

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Current income tax expense	26,482	39,921
Deferred income tax credit (Note 28)	(233)	(4,754)
<b>Income tax expenses</b>	<b>26,249</b>	<b>35,167</b>

#### (a) Cayman Islands Income Tax

The Company was incorporated as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands and is not subject to Cayman Islands income tax.

#### (b) Hong Kong Profits Tax

The Hong Kong two-tiered profits tax regime took effect on April 1, 2018 and the applicable Hong Kong profits tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million. No Hong Kong profits tax has been provided as there were no taxable profits deriving from Hong Kong during the years ended December 31, 2023 and 2022.

#### (c) PRC Corporate Income Tax

Corporate income tax ("CIT") in the PRC is calculated based on the statutory profit or loss of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjusting certain income and expense items, which are not assessable or deductible for income tax purposes. According to the PRC Corporate Income Tax Law promulgated by the PRC government, the tax rate for the Company's principal PRC subsidiaries is 25% except that, Hainan Uju enjoys the preferential CIT tax rate of 15%. Certain of the remaining subsidiaries enjoy the CIT tax rate of 20% as a small and low-profit enterprise.

#### (d) PRC Withholding Tax ("WHT")

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

As of December 31, 2023 and 2022, the Group does not have any plan to further distribute the retained earnings of all PRC subsidiaries and intends to retain them for the operation and expansion of the Group's business in the PRC. Accordingly, no deferred income tax liability in connection with the undistributed retained earnings of the PRC subsidiaries has been recognised as at the end of each reporting period. As of December 31, 2023 and 2022, the undistributed retained earnings of those PRC subsidiaries amounted to approximately RMB661,001,000 and RMB577,223,000, respectively.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 12 INCOME TAX EXPENSES (Continued)

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the applicable corporate income tax rate of PRC, the principal place of the Group's operations, as follows:

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
<b>Profit before income tax</b>	117,221	148,746
Tax at the PRC statutory corporate income tax rate of 25%	29,305	37,187
Effects of preferential tax rates applicable to eligible subsidiaries	(4,845)	(3,726)
Effect of expenses not deductible for income tax purposes	820	1,936
Tax losses for which no deferred income tax asset was recognised	772	130
Others	197	(360)
<b>Income tax expenses</b>	26,249	35,167

### 13 EARNINGS PER SHARE

#### (a) Basic

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue (excluding any ordinary shares as repurchased by the Company and held for the Company's share award scheme) during the years ended December 31, 2023 and 2022.

	Year ended December 31,	
	2023	2022
Profit attributable to owners of the Company (RMB'000)	90,560	113,579
Weighted average number of ordinary shares in issue (thousand shares)	594,894	600,000
Basic earnings per share (expressed in RMB)	0.15	0.19

#### (b) Diluted

Diluted earnings per share as presented is the same as the basic earnings per share as no potentially dilutive ordinary shares were in issue as of December 31, 2023 and 2022.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 14 PROPERTY, PLANT AND EQUIPMENT

	Building RMB'000	Vehicles RMB'000	Electronic equipment RMB'000	Furniture and fixtures RMB'000	Leasehold improvement RMB'000	Total RMB'000
<b>Year ended December 31, 2023</b>						
Opening net book amount	11,761	204	4,342	243	3,628	20,178
Additions	407	—	211	4	262	884
Disposals	—	—	(222)	—	—	(222)
Depreciation charge	(583)	(63)	(2,529)	(78)	(2,215)	(5,468)
Closing net book amount	11,585	141	1,802	169	1,675	15,372
<b>At December 31, 2023</b>						
Cost	12,262	212	10,601	511	11,187	34,773
Accumulated depreciation	(677)	(71)	(8,799)	(342)	(9,512)	(19,401)
Net book amount	11,585	141	1,802	169	1,675	15,372
<b>Year ended December 31, 2022</b>						
Opening net book amount	—	—	6,479	339	5,268	12,086
Additions	11,855	212	924	—	2,094	15,085
Disposals	—	—	(51)	—	—	(51)
Depreciation charge	(94)	(8)	(3,010)	(96)	(3,734)	(6,942)
Closing net book amount	11,761	204	4,342	243	3,628	20,178
<b>At December 31, 2022</b>						
Cost	11,855	212	11,252	507	10,925	34,751
Accumulated depreciation	(94)	(8)	(6,910)	(264)	(7,297)	(14,573)
Net book amount	11,761	204	4,342	243	3,628	20,178

Note:

Depreciation was charged to profit or loss and presented in the following categories in the consolidated statements of profit or loss and other comprehensive income:

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Cost of services and sales	3,473	3,627
General and administrative expenses	1,160	763
Selling expenses	563	2,188
Research and development expenses	272	364
	5,468	6,942



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the lease term, if shorter, as follows:

Buildings	20 years
Vehicles	4 years
Electronic equipment	3 years
Furniture and fixtures	5 years
Leasehold improvement	Shorter of estimated useful life of 3 years and the lease term

See note 39.3 for the other accounting policies relevant to property, plant and equipment.

### 15 LEASES

#### (a) Amounts recognised in the balance sheet

##### Right-of-use assets

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Leased properties	10,874	19,471

##### Lease liabilities

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Current	6,320	8,752
Non-current	4,723	11,156
	11,043	19,908

Additions to the right-of-use assets during the years ended December 31, 2023 and 2022 were RMB1,700,000 and RMB20,787,000, respectively.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15 LEASES (Continued)

#### (b) Amounts recognised in the statement of profit or loss

The amounts recognised in profit or loss and presented in the consolidated statements of profit or loss and other comprehensive income are summarised as below:

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Depreciation charge of right-of-use assets	7,217	10,461
Interest expense (included in finance costs) (Note 11)	980	1,207
Expense relating to short-term and low-value leases (included in general and administrative expenses)	10	228
Net gain on early termination of leases	(87)	(95)

For the years ended December 31, 2023 and 2022, the total cash outflows from financing activities for leases amounted to approximately RMB8,378,000 (2022: RMB12,641,000) and the total cash outflows from operating activities for short-term and low-value leases amounted to approximately RMB10,000 (2022: RMB228,000).

#### (c) Accounting policies of leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15 LEASES (Continued)

#### (c) Accounting policies of leases (Continued)

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group use that rate as a starting point to determine the incremental borrowing rate.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

See note 39.18 for the other accounting policies relevant to leases.

### 16 INTANGIBLE ASSETS

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Opening net book amount	—	—
Additions	1,415	—
Amortisation charge	(133)	—
Closing net book amount	1,282	—
Representing:		
Cost	1,415	—
Accumulated amortisation	(133)	—
Net book amount	1,282	—

Note:

Pursuant to an agreement entered into between the Group and the minority shareholder of a subsidiary (the "counterparty") dated July 20, 2023 (the "Agreement"), the Group has paid a consideration of RMB1,500,000 for the exclusive right to operate an online account as registered by the counterparty for a period of 53 months. The consideration paid by the Group has been capitalised as intangible asset and amortised on a straight-line basis over the contractual period of the Agreement and the amortisation is charged as "Cost of services and sales" in the consolidated statement of profit or loss and other comprehensive income.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 17 INVENTORIES

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Merchandises, at cost	12,770	14,415
Less: impairment provision	(2,041)	(3,980)
	10,729	10,435

The cost of inventories as recognised as expenses and included in “Cost of services and sales”, “Selling expenses” and “General and administrative expenses” for the year ended December 31, 2023 amounted to approximately RMB15,381,000 (2022: RMB3,716,000).

The provision for impairment and losses on merchandises obtained on a settlement-in-kind arrangement in prior year have been included as “Other losses, net” for the year ended December 31, 2023 and 2022 (Note 10).

### 18 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	Notes	As at December 31,	
		2023	2022
		RMB'000	RMB'000
<b>Financial assets</b>			
Financial assets at amortised cost			
Prepayments, deposits and other assets (excluding non-financial assets)			
	21	104,296	165,753
Accounts receivables	20	2,210,071	2,704,930
Restricted cash	22	13,081	35,059
Cash and cash equivalents	23	719,445	288,660
Financial assets at fair value through other comprehensive income (“FVOCI”)	19	—	6,420
		3,046,893	3,200,822
<b>Financial liabilities</b>			
Financial liabilities at amortised cost			
Accounts payables	24	1,433,800	1,679,626
Notes payables	25	150,000	—
Other payables and accruals (excluding non-financial liabilities)	26	78,104	81,492
Borrowings	27	10,012	340,113
Lease liabilities	15	11,043	19,908
		1,682,959	2,121,139



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Bank acceptance bills	—	6,420

The Group has regularly discounted bank acceptance bills as collected from its customers for financing its working capital.

Considering the contractual cash flows of the bank acceptance bills were solely payments of principal and interest and these financial assets are held by the Group for both collection of contractual cash flows and selling of the related financial assets, the Group has accounted for bank acceptance bills as financial assets at FVOCI.

Information about the methods and assumptions used in determining fair value has been set out in Note 3.3.

### 20 ACCOUNTS RECEIVABLES

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Accounts receivables	2,301,820	2,795,542
Less: credit loss allowance (Note 3.1(b)(ii))	(91,749)	(90,612)
<b>Accounts receivables – net</b>	<b>2,210,071</b>	<b>2,704,930</b>

#### (i) Transferred receivables

The carrying amounts of the accounts receivables include certain receivables which are subject to a factoring arrangement (the “**transferred receivables**”). Under this arrangement, the Group has transferred the relevant receivables to the factoring company in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has still retained late payment and credit risk associated with these transferred receivables. The Group therefore continues to recognise the transferred receivables in their entirety in its balance sheet. The amount repayable under the factoring arrangement is presented as secured borrowings. The Group considers that the hold to collect business model remains appropriate for these transferred receivables and hence continues measuring them at amortised cost.

The factoring company will request the Group to transfer accounts receivables with carrying amounts much higher than the amounts repayable by the Group under the factoring arrangement which serves as additional securities for the borrowings from the factoring company.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 20 ACCOUNTS RECEIVABLES (Continued)

#### (i) Transferred receivables (Continued)

The relevant carrying amounts of transferred receivables and secured borrowings are as follows:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Transferred receivables	—	83,333
Associated secured borrowings	—	49,750

#### (ii) Fair values of accounts receivables

Accounts receivables are all dominated in RMB and due to the short-term nature of these current receivables, their carrying amounts are considered to approximate their fair values.

An aging analysis of the gross accounts receivables as at December 31, 2023 and 2022, based on invoice date, is as follows:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Within 90 days	2,134,696	2,228,757
91 days — 180 days	42,767	390,365
181 days — 270 days	24,015	96,054
271 days — 1 year	6,980	21,282
Over 1 year	93,362	59,084
	2,301,820	2,795,542

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9 “Financial Instruments”. Movement in provision for expected credit losses that has been recognised for accounts receivables is as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At beginning of the year	(90,612)	(85,533)
Credit loss allowance recognised, net	(40,946)	(8,671)
Receivables written off during the year as uncollectable	39,809	3,592
At end of the year	(91,749)	(90,612)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 21 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Deposits to media platforms	89,224	132,898
Receivables from a supplier (note)	46,760	47,760
Rental and other deposits	3,260	6,521
Advances to staff	2,012	1,384
Loans to a third party	3,541	3,482
Deposit paid to a third party guarantee company	—	10,000
Others	3,220	2,473
	148,017	204,518
Less: loss allowance for deposits and other assets	(43,721)	(38,765)
<b>Total categorised as financial assets</b>	<b>104,296</b>	<b>165,753</b>
Prepayments to media platforms and suppliers	137,177	320,589
Value-added tax recoverable	186,097	384,704
<b>Total categorised as non-financial assets</b>	<b>323,274</b>	<b>705,293</b>
<b>Total prepayments, deposits and other assets</b>	<b>427,570</b>	<b>871,046</b>
Less: non-current rental deposits	(2,183)	(1,584)
<b>Total prepayments, deposits and other assets, current</b>	<b>425,387</b>	<b>869,462</b>

Note:

In December 2022, the Group decided to cease the business cooperation with a supplier (which had continuously provided advertisement distribution services to the Group in the past) and therefore the prepayment to the supplier of approximately RMB47,760,000 has been reclassified as an other receivable from that supplier. In the subsequent review of the latest financial position and creditworthiness of the supplier, management considered that the other receivable is credit-impaired and therefore a provision for impairment losses of approximately RMB38,208,000 was recognised on the receivable balance during the year ended December 31, 2022.

The supplier has partially repaid an amount of RMB1,000,000 to the Group during the year ended December 31, 2023. Management has updated the credit loss assessment of this receivable balance based on the estimated future cash flow amounts to be recovered. Based on the result of the aforesaid updated assessment, a further provision for impairment losses of approximately RMB4,735,000 was recognised during the year ended December 31, 2023.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 22 RESTRICTED CASH

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Restricted bank balances	13,081	35,059

As at December 31, 2023, restricted bank balances are all denominated in RMB and balances of RMB12,000,000 represented the bank deposits as secured for the Group's issue of notes payables.

As at December 31, 2022, restricted bank balances were all denominated in RMB and balances of RMB34,986,000 were deposited in a designated bank account for the cash receipts from a major customer B (certain accounts receivables from which have already been factored to a financial institution under a factoring agreement) and the use of any monies as deposited in this designated bank account was subject to the prior approval from the aforesaid financial institution.

## 23 CASH AND CASH EQUIVALENTS

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Cash on hand	27	127
Cash at bank (i)	718,854	288,457
Cash equivalents (ii)	564	76
	719,445	288,660

Cash and cash equivalents are denominated in the following currencies:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
RMB	454,934	205,972
USD	247,802	74,815
HKD	16,709	7,873
	719,445	288,660

Notes:

- (i) Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.
- (ii) Cash equivalents represent cash balances in third party payment platform which can be withdrawn at any time at the Group's discretion.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 24 ACCOUNTS PAYABLES

Aging analysis of the accounts payables as at December 31, 2023 and 2022, based on the date of recognition, are as follows:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Less than 6 months	1,424,445	1,670,095
6 months to 1 year	1,643	1,097
Over 1 year	7,712	8,434
	1,433,800	1,679,626

Accounts payables are all denominated in RMB and the carrying amounts of which are considered to approximate their fair values due to their short-term in nature.

### 25 NOTES PAYABLES

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Notes payables issued by bank	150,000	—

The Group has arranged with several banks for the issue of these notes payable as the settlement of the Group's payable balances due to a media platform as arisen from the Group's purchases of user traffic in the ordinary course of its business. The bank deposits as pledged for the issue of the aforementioned notes payable amounted to approximately RMB12,000,000 (Note 22).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 26 OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Cost payable to media platforms on behalf of customers (note)	40,020	40,957
Deposits from customers	28,063	30,632
Others	10,021	9,903
<b>Total categorised as financial liabilities</b>	<b>78,104</b>	<b>81,492</b>
Value-added tax payable	191,825	369,792
Other taxes payable	3,108	10,502
Payroll and welfare payable	29,600	26,937
<b>Total categorised as non-financial liabilities</b>	<b>224,533</b>	<b>407,231</b>
<b>Total other payables and accruals</b>	<b>302,637</b>	<b>488,723</b>

Note:

The amounts represented the traffic acquisition costs as prepaid by customers which the Group is providing advertising distribution services to them and the amounts as collected by the Group will be wholly settled to media platforms on behalf of these customers.

## 27 BORROWINGS

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Short-term bank borrowings, unsecured (note)	10,012	280,413
Factoring borrowings, secured	—	49,750
Borrowings from a financial institution	—	9,950
	10,012	340,113

Note:

As at December 31, 2023, the bank borrowings bear interests at fixed interest rates ranging from 3.50%-6.00% (2022: 3.55%-6.00%) per annum.

As at December 31, 2022, bank borrowing of RMB30,038,000 was guaranteed by a third party guarantee company and secured by a deposit paid to that guarantee company of RMB10,000,000 (Note 21). Borrowing of RMB160,230,000 was guaranteed by other subsidiaries within the Group. The remaining borrowing of RMB90,145,000 was an unsecured borrowing.

As at December 31, 2023 and 2022, the Group's borrowings were all considered as repayable within 1 year.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 28 DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using the tax rates at which are expected to be applied at the time of reversal of the temporary differences.

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	1,390	4,079
– Deferred income tax assets to be recovered within 12 months	32,766	34,009
	34,156	38,088
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	278	3,755
– Deferred income tax liabilities to be settled within 12 months	893	1,581
	1,171	5,336

The deferred income tax assets (after the set off of deferred income tax liabilities pursuant to set off provisions) are as below:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Deferred income tax assets	32,985	32,752
Deferred income tax liabilities	—	—

The gross movement of deferred income tax assets/liabilities is as follows:

Deferred income tax assets	Credit loss allowance RMB'000	Provision for impairment of inventories RMB'000	Lease liabilities RMB'000	Accrued liabilities and provisions RMB'000	Tax losses RMB'000	Total RMB'000
<b>At January 1, 2023</b>	29,776	995	4,291	1,440	1,586	38,088
(Charged)/credited to profit or loss	(1,268)	(485)	(3,455)	(370)	1,646	(3,932)
<b>At December 31, 2023</b>	28,508	510	836	1,070	3,232	34,156
<b>At January 1, 2022</b>	28,164	—	4,202	279	892	33,537
Credited to profit or loss	1,612	995	89	1,161	694	4,551
<b>At December 31, 2022</b>	29,776	995	4,291	1,440	1,586	38,088



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**28 DEFERRED INCOME TAX (Continued)**

The gross movement of deferred income tax assets/liabilities is as follows: (Continued)

Deferred income tax liabilities	Right-of-use assets RMB'000	Depreciation of property, plant and equipment RMB'000	Total RMB'000
<b>At January 1, 2023</b>	4,199	1,137	5,336
Credited to profit or loss	(3,404)	(761)	(4,165)
<b>At December 31, 2023</b>	795	376	1,171
<b>At January 1, 2022</b>	3,848	1,691	5,539
Charged/(credited) to profit or loss	351	(554)	(203)
<b>At December 31, 2022</b>	4,199	1,137	5,336

**29 SHARE CAPITAL  
Group and Company**

	Number of ordinary shares	Nominal value of ordinary shares USD
Authorised shares at January 1, 2022, December 31, 2022 and 2023 – US\$0.01 each	10,000,000,000	100,000,000
	Number of ordinary shares	Nominal value of ordinary shares RMB'000
Issued share capital as at January 1, 2022, December 31, 2022 and 2023	600,000,000	38,380



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 30 TREASURY SHARES

The Company adopted a share award scheme (the “Share Award Scheme”) on May 22, 2023 with duration of 10 years for the granting of shares to eligible participants (the “Selected Participants”) who shall receive offers of shares as designated by the committee delegated by the Board of Directors of the Company.

The Company has set up a trust (the “Trust”) and appointed a third party as the trustee to administer and hold the Company’s shares before they are vested and transferred to the Selected Participants. The Trust purchases the Company’s shares being awarded from the open market at the market trading price using cash contributed by the Company.

In June 2023, the Trust has purchased 6,784,000 shares of the Company through the Hong Kong Stock Exchange at a total consideration of HKD20,939,040 (equivalent to approximately RMB19,362,000) for the Share Award Scheme.

In July 2023, the Trust has further purchased 2,297,000 shares of the Company through the Hong Kong Stock Exchange at a total consideration of HKD6,877,730 (equivalent to approximately RMB6,400,000) for the Share Award Scheme.

The carrying amounts of these repurchased shares are presented as “Treasury shares” in the consolidated balance sheet.

As of December 31, 2023, none of these shares have been granted out to the Selected Participants under the Share Award Scheme.

### 31 OTHER RESERVES

	Statutory reserves (note) RMB'000	Foreign currency translation reserve RMB'000	Capital reserve RMB'000	Total RMB'000
<b>At January 1, 2023</b>	33,560	23,443	—	57,003
Profit appropriation to statutory reserves	8,963	—	—	8,963
Transactions with non-controlling interest	—	—	364	364
Currency translation differences	—	4,942	—	4,942
<b>At December 31, 2023</b>	42,523	28,385	364	71,272
<b>At January 1, 2022</b>	25,800	(3,470)	—	22,330
Profit appropriation to statutory reserves	7,760	—	—	7,760
Currency translation differences	—	26,913	—	26,913
<b>At December 31, 2022</b>	33,560	23,443	—	57,003

Note:

In accordance with the Company Law of the PRC, domestic enterprises in Mainland China are required to transfer 10% of their profit after taxation, as determined under accounting principles generally accepted in the PRC, to the statutory reserve until such reserve balance reaches 50% of the registered capital of such entities.

The statutory reserves can be used to reduce previous years’ losses, if any, and may be converted into paid-in capital, provided that the statutory reserves after such conversion is not less than 25% of the registered capital of the relevant subsidiaries.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 32 SHARE-BASED COMPENSATION

In accordance with a Board resolution on October 8, 2021, a share option scheme was approved and adopted by the Group (the “**2021 Share Option Scheme**”). As of December 31, 2023 and 2022, no options have been granted under the 2021 Share Option Scheme.

The Group has also adopted the Share Award Scheme as mentioned in Note 30 and none of the Company’s shares were granted under the Share Award Scheme as of December 31, 2023.

### 33 DIVIDENDS

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Dividends declared by the Company (note)	11,064	50,184

Note:

On March 30, 2023, the Board of Directors of the Company resolved to propose a final dividend of HKD2 cents per ordinary share, totaling approximately HKD12,000,000 (equivalent to approximately RMB11,064,000), for the year ended December 31, 2022. The proposed final dividend has been approved by the shareholders of the Company at the annual general meeting held on May 31, 2023. All the dividends declared to the shareholders of the Company have been fully paid in June 2023.

On March 28, 2024, the Board of Directors of the Company proposed the payment of a final dividend of HKD5 cents per ordinary share, totaling approximately HKD30,000,000 (equivalent to approximately RMB27,186,600, translated using the exchange rate as of December 31, 2023) for the year ended December 31, 2023. The proposed payment of the final dividend is subject to the consideration and approval of the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on May 31, 2024. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation from the share premium account for the year ending December 31, 2024.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 34 CASH FLOW INFORMATION

## (a) Cash generated from /(used in) operations

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
<b>Profit before income tax</b>	117,221	148,746
Adjustments for		
Amortisation of intangible assets	133	—
Depreciation of right-of-use assets	7,217	10,461
Depreciation of property, plant and equipment	5,468	6,942
Net impairment losses on financial assets	45,909	21,550
Impairment losses on inventories	501	3,980
Finance cost, net	8,261	16,029
Net loss/(gain) on disposal of property, plant and equipment	34	(10)
Other losses, net	(2,994)	—
Net foreign exchange losses	6,224	13,113
	187,974	220,811
Changes in working capital:		
Decrease/(increase) in accounts receivables	453,914	(451,201)
Increase in inventories	(795)	(14,415)
Decrease/(increase) in prepayments, deposits and other receivables	425,202	(390,443)
Decrease in financial assets at FVOCI	6,420	36,628
Decrease/(increase) in restricted cash	21,978	(25,059)
(Decrease)/increase in accounts payables and notes payables	(95,826)	404,581
(Decrease)/increase in other payables and accruals	(183,834)	110,561
Increase/(decrease) in contract liabilities	18,611	(54,460)
Cash generated from/(used in) operations	833,644	(162,997)

## (b) Major non-cash transactions

The Group's major non-cash transactions for the year ended December 31, 2023 are:

- additions to right-of-use assets — Note 15.
- rebates receivable from media partners of approximately RMB938,460,000 (2022: RMB1,372,413,000) are settled by offsetting the account payable or in the form of prepayments for future traffic acquisition with these media partners during the year ended December 31, 2023.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 34 CASH FLOW INFORMATION (Continued)

#### (c) Proceeds from disposal of property, plant and equipment

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Net book amount of property, plant and equipment disposed	222	51
Net (loss)/gain on disposal of property, plant and equipment	(34)	10
Proceeds from disposal	188	61

#### (d) Net cash/(debt) reconciliation

This section sets out an analysis of the Group's net cash/(debt) and its movements during each of the periods presented.

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Cash and cash equivalents	719,445	288,660
Bank borrowings	(10,012)	(280,413)
Factoring borrowings	—	(49,750)
Borrowings from a financial institution	—	(9,950)
Lease liabilities	(11,043)	(19,908)
Net cash/(debt)	698,390	(71,361)

	Cash and cash equivalents	Bank borrowings	Factoring borrowings	Borrowings from a financial institution		Lease liabilities	Total
				RMB'000	RMB'000		
As at January 1, 2023	288,660	(280,413)	(49,750)	(9,950)	(19,908)	(71,361)	
Cash flows	427,941	280,788	57,046	10,450	8,378	784,603	
Accrual of interest	—	(10,387)	(7,296)	(500)	(980)	(19,163)	
New leases	—	—	—	—	(1,700)	(1,700)	
Termination of leases	—	—	—	—	3,167	3,167	
Effects of exchange rate changes	2,844	—	—	—	—	2,844	
As at December 31, 2023	719,445	(10,012)	—	—	(11,043)	698,390	
As at January 1, 2022	499,943	(100,139)	(199,761)	—	(16,805)	183,238	
Cash flows	(230,010)	(173,279)	162,260	(9,700)	12,641	(238,088)	
Accrual of interest	—	(6,995)	(12,249)	(250)	(1,207)	(20,701)	
New leases	—	—	—	—	(20,787)	(20,787)	
Termination of leases	—	—	—	—	6,250	6,250	
Effects of exchange rate changes	18,727	—	—	—	—	18,727	
As at December 31, 2022	288,660	(280,413)	(49,750)	(9,950)	(19,908)	(71,361)	



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 35 COMMITMENTS

#### Non-cancellable leases commitment

The Group leases some offices under non-cancellable lease contracts and has been exempted from recognition of right-of-use assets as permitted under IFRS 16 “Leases” (considering they are short-term or low-value leases). The future aggregate minimum lease payment under the relevant non-cancellable lease contracts for these leases are as follows:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Within 1 year	3	102
Later than 1 year and not later than 2 years	—	3
	3	105

### 36 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the years presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

#### (a) Names and relationships with related parties

The following individuals/companies are related parties of the Group that had significant transactions and/or balances with the Group during the years presented.

Individuals/Companies	Relationship
Mr. Ma Xiaohui	The Controlling Shareholder
Mr. Peng Liang (i)	Executive director and Chief Executive Officer of the Group
Ms. Zhao Ting (i) (ii)	Chief Operating Officer of the Group
Mr. Xie Song (i)(ii)	Former Chief Operating Officer of the Group
Ms. Luo Xiaomei (i)	Executive director and Chief Financial Officer of the Group
Ms. Meng Ran (i)	Chief Media Officer of the Group

(i) These management has been regarded as key management personnel of the Group.

(ii) Mr. Xie Song resigned on August 8, 2022 and Ms. Zhao Ting has been appointed as Chief Operating Officer of the Group since then.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 36 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Key management personnel compensation

Key management personnel (“KMP”) includes executive directors and the senior management of the Group. The compensation paid or payable to these KMP is shown below:

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Wages, salaries and bonuses	10,487	10,137
Other social security costs, housing benefits and other employee benefits	309	159
Pension costs — defined contribution plans	235	179
	11,031	10,475

The wages, salaries and bonuses disclosed above include salaries and bonuses payable of RMB2,916,000 (2022: RMB1,316,000) which were unpaid as at year end and are included in other payables.

### 37 BENEFITS AND INTERESTS OF DIRECTORS

#### (a) Directors' and chief executive's emoluments

For the year ended December 31, 2023:

	Wages, salaries and bonuses RMB'000	Share-based compensation RMB'000	Other social security costs, housing allowance and other allowance RMB'000	Contributions to pension plans RMB'000	Total RMB'000
<b>Executive directors</b>					
Mr. Ma Xiaohui	270	—	2	—	272
Mr. Peng Liang	4,333	—	74	57	4,464
Ms. Luo Xiaomei	1,469	—	85	63	1,617
<b>Independent non-executive directors</b>					
Mr. Zhang Pei'ao	72	—	—	—	72
Mr. Lin Ting	72	—	—	—	72
Mr. Wang Wenping	270	—	—	—	270
<b>Chief Operating Officer</b>					
Ms. Zhao Ting	3,002	—	85	63	3,150
<b>Chief Media Officer</b>					
Ms. Meng Ran	1,682	—	66	52	1,800
	11,170	—	312	235	11,717



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**37 BENEFITS AND INTERESTS OF DIRECTORS** (Continued)**(a) Directors' and chief executive's emoluments** (Continued)

For the year ended December 31, 2022:

	Wages, salaries and bonuses RMB'000	Share-based compensation RMB'000	Other social security costs, housing allowance and other allowance RMB'000	Contributions to pension plans RMB'000	Total RMB'000
<b>Executive directors</b>					
Mr. Ma Xiaohui	257	—	—	—	257
Mr. Peng Liang	4,500	—	42	41	4,583
Ms. Luo Xiaomei	1,803	—	76	60	1,939
<b>Independent non-executive directors</b>					
Mr. Zhang Pei'ao	72	—	—	—	72
Mr. Lin Ting	72	—	—	—	72
Mr. Wang Wenping	257	—	—	—	257
<b>Chief Operating Officer</b>					
Ms. Zhao Ting*	2,251	—	20	18	2,289
Mr. Xie Song	1,096	—	57	53	1,206
<b>Chief Media Officer</b>					
Ms. Meng Ran	1,582	—	42	41	1,665
	11,890	—	237	213	12,340

\* Mr. Xie Song resigned on August 8, 2022 and Ms. Zhao Ting has been appointed as Chief Operating Officer of the Group since then. This table only includes emoluments of Ms. Zhao Ting as Chief Operating Officer of the Group from August to December 2022.

Salary paid to a director is generally an emolument paid or payable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

**(b) Director's retirement and termination benefits**

No retirement or termination benefits have been paid to the Company's directors during the years ended December 31, 2023 and 2022.

**(c) Consideration provided to third parties for making available directors' services**

No consideration provided to third parties for making available directors' services subsisted at the end of the year or at any time during the years ended December 31, 2023 and 2022.

**(d) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors**

No loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors during the years ended December 31, 2023 and 2022.

**(e) Directors' material interests in transactions, arrangements or contract**

Other than those disclosed in Note 37, no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the years ended December 31, 2023 and 2022.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

## Balance sheet of the Company

	Notes	As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiary		8	8
Loans to subsidiary	(i)	777,716	810,294
<b>Total non-current assets</b>		777,724	810,302
<b>Current assets</b>			
Prepayments, deposits and other assets		89	41
Cash and cash equivalents		8,380	3,275
<b>Total current assets</b>		8,469	3,316
<b>Total assets</b>		786,193	813,618
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables and accruals		35	—
<b>Total liabilities</b>		35	—
<b>EQUITY</b>			
Share capital	29	38,380	38,380
Share premium	(ii)	703,820	714,884
Treasury shares	(ii)	(25,762)	—
Other reserves	(ii)	77,905	65,200
Accumulated losses	(ii)	(8,185)	(4,846)
<b>Total equity</b>		786,158	813,618
<b>Total liabilities and equity</b>		786,193	813,618

The balance sheet of the Company was approved and authorised for issue by the Board of Directors of the Company on March 28, 2024 and were signed on its behalf by:

Executive Director:  
**Mr. Peng Liang**

Executive Director:  
**Ms. Luo Xiaomei**



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Notes:

- (i) These loans to a subsidiary are unsecured, interest-free and repayable on demand. As at December 31, 2023, its repayment is neither planned nor likely to occur within the next twelve months from the balance sheet date.
- (ii) Reserve movement of the Company

	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>As at January 1, 2023</b>	714,884	—	65,200	(4,846)	775,238
Repurchase of the Company's shares	—	(25,762)	—	—	(25,762)
Dividends declared and paid	(11,064)	—	—	—	(11,064)
Currency translation differences	—	—	12,705	—	12,705
Loss for the year	—	—	—	(3,339)	(3,339)
<b>As at December 31, 2023</b>	703,820	(25,762)	77,905	(8,185)	747,778
As at January 1, 2022	765,068	—	(7,119)	(757)	757,192
Dividends declared and paid	(50,184)	—	—	—	(50,184)
Currency translation differences	—	—	72,319	—	72,319
Loss for the year	—	—	—	(4,089)	(4,089)
As at December 31, 2022	714,884	—	65,200	(4,846)	775,238

### 39 SUMMARY OF OTHER ACCOUNTING POLICIES

This note provides a list of other accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of Company and its subsidiaries.

#### 39.1 Principles of consolidation

##### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

#### 39.1 Principles of consolidation (Continued)

##### (b) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

#### 39.2 Foreign currency translation

##### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company and its subsidiaries have been set out in Note 3.1(a). As the major operations of the Group are within Mainland China, the Group determined to present its consolidated financial statements in RMB.

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income within finance costs, net. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other gains/(losses)-net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at financial assets at fair value through profit or loss ("**FVPL**") are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("**FVOCI**") are recognised in other comprehensive income ("**OCI**").



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

#### 39.2 Foreign currency translation (Continued)

##### (c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in OCI.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in OCI. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

#### 39.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 39.5).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Entity-specific details about the Group's accounting policy and estimates on property, plant and equipment are provided in Note 14.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

#### 39.4 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventories are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

#### 39.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### 39.6 Investments and other financial assets

##### (a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

##### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

#### 39.6 Investments and other financial assets (Continued)

##### (c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:**  
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) -net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.
- **FVOCI:**  
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gain/(losses) -net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) -net and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.
- **FVPL:**  
Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) -net in the period in which it arises.

##### *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in profit or loss and presented as other gains/(losses) -net in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

#### 39.6 Investments and other financial assets (Continued)

##### (d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivables, the Group applies the simplified approach, which requires expected lifetime loss to be recognised from initial recognition of the receivables, see Note 3.1(b) for further details.

#### 39.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### 39.8 Accounts receivables

Accounts receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within one year and therefore all classified as current.

Accounts receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Accounts receivables where the Group holds with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Accounts receivables where the contractual cash flows are solely payments of principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets were classified as financial assets at FVOCI.

See Note 20 for further information about the Group's accounting for accounts receivables and Notes 3.1(b) and 39.6(d) for more information in respect of the Group's impairment policies.

#### 39.9 Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, cash held at third party payment platform, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheet, and is not included in the total cash and cash equivalents in the consolidated statements of cash flows.

#### 39.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 39.11 Accounts and other payables

These amounts primarily represent liabilities for services provided to the Group prior to the end of financial year which are unpaid. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

#### 39.12 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### 39.13 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

#### 39.14 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

##### (i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet dates in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

#### 39.14 Current and deferred income tax (Continued)

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### 39.15 Employee benefits

##### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

##### (ii) Pension obligations

The entities within the Group registered in the PRC make employee benefit contributions based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan and medical benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to the existing and future retired employees under these plans and the Group has no further obligations for the post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group.

##### (iii) Housing funds

The PRC employees of the Group are also entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to those funds based on a certain percentage of the employee's salaries. The Group's liabilities in respect of these funds is limited to the contributions payable in each period and the Group has no further obligation beyond the contributions made. The non-PRC employees are not covered by the housing funds.

#### 39.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

#### 39.16 Provisions (Continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

#### 39.17 Earnings per share

##### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (if any).

##### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares (if any), and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares (if any).

#### 39.18 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (if applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

#### 39.18 Leases (Continued)

Right-of-use assets are measured at cost comprising the following (if applicable):

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Entity-specific details about the Group's leasing policy are provided in Note 15.

#### 39.19 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

#### 39.20 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 11.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

#### 39.21 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to cost are deferred and recognised as income in the profit or loss over the period necessary to match them with the expense that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.



## DEFINITIONS

“advertiser”	any persons, companies, organizations which advertise their brands, products and services through placing advertisements
“AGM”	the annual general meeting of the Company to be held on Tuesday, May 31, 2024 at 10:00 a.m. or any adjournment thereof
“AI”	artificial intelligence
“AIGC”	artificial intelligence generated content
“Articles of Association”	the amended and restated articles of association of the Company conditionally adopted on October 8, 2021 and effective on November 8, 2021 and as amended from time to time
“Audit Committee”	the audit committee of the Board
“Aura”	AURA INVESTMENT HOLDINGS LIMITED, a company incorporated in the BVI with limited liability on February 3, 2004
“big data analytics”	the use of advanced analytic techniques against very large, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful information that can help organizations make more-informed business decisions
“Board”	the board of Directors
“CAGR”	compound annual growth rate
“China” or “the PRC”	The People’s Republic of China excluding, for the purpose of this report, Hong Kong, Macau Special Administrative Region and Taiwan
“Company”	UJU HOLDING LIMITED, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, for the purpose of this report, refers to Mr. Ma Xiaohui, Supreme Development, Vast Business, Aura or, where the context so requires, any one of them
“Director(s)”	director(s) of our Company
“e-commerce”	electronic commerce, a transaction of buying or selling online which draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, internet marketing, online transaction processing, electronic data interchange, inventory management systems, and automated data collection systems
“Excluded Participant”	any Eligible Participant who is a core connected person of the Company, or is resident in a place where the grant of an Award and/or the vesting and transfer of the Awarded Interests pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant



## DEFINITIONS (CONTINUED)

“Global Offering”	has the meaning as defined in the Prospectus
“gross billing”	the total monetary value we charge advertiser customers for our services
“Group” or “our Group” or “we” or “us”	the Company and its subsidiaries
“HKD” or “HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IAS”	International Accounting Standards
“IFRSs”	International Financial Reporting Standards
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	November 8, 2021, the date of which dealing in Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Memorandum”	the amended and restated memorandum of association of the Company conditionally adopted on October 8, 2021 and effective on November 8, 2021 and as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time
“Nomination Committee”	the nomination committee of the Board
“online short video platform”	a platform focusing on facilitating creation and sharing of online short-form videos, which range from seconds to minutes in duration and easily shared and accessed across the mobile internet
“Prospectus”	the prospectus of the Company dated November 8, 2021
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Shares”	share(s) in the share capital of the Company with a nominal or par value of US\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s)



**DEFINITIONS (CONTINUED)**

“Share Option Scheme”	the share option scheme conditionally adopted by the Company on October 8, 2021, details of which are described under “Statutory and General Information — Other Information — 13. Share Option Scheme” in Appendix IV to the Prospectus
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Uju Beijing”	Uju Interactive (Beijing) Technology Co., Ltd* (优矩互动(北京)科技有限公司), being a company established in the PRC on November 23, 2017 and our indirect wholly-owned subsidiary
“Uju Hong Kong”	Uju Hongkong Limited (优矩(香港)有限公司), being a company incorporated in Hong Kong on November 2, 2020 and our direct wholly-owned subsidiary
“US”	the United States
“USD” or “US\$”	U.S. dollars, the lawful currency of the United States of America
“Vast Business”	VAST BUSINESS (BVI) GLOBAL LIMITED, a company incorporated in the BVI with limited liability on August 31, 2020

