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千循科技

Qian Xun Technology Limited
千循科技有限公司

(Formerly known as Ruicheng (China) Media Group Limited 瑞誠(中國)傳媒集團有限公司)
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1640)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of Qian Xun Technology Limited (formerly known as "Ruicheng (China) Media Group Limited") (the "**Company**") announces the audited consolidated annual results (the "**Annual Results**") of the Company and its subsidiaries (together, the "**Group**", "**our**" or "**we**") for the year ended 31 December 2024 (the "**Reporting Period**") prepared under the International Financial Reporting Standards (the "**IFRS Accounting Standards**"), together with the comparative figures for the corresponding period in 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Revenue	*4*	**356,833**	378,707
Cost of revenue		**(334,337)**	(355,142)
Gross profit		**22,496**	23,565
Other income, gains and losses	*5*	**7,596**	3,430
Selling and marketing expenses		**(5,978)**	(2,609)
Administrative expenses		**(17,109)**	(8,203)
Finance costs	*6*	**(4,915)**	(7,320)
Provision for loss allowances of financial assets and contract assets, net	*7*	**(125,150)**	(40,932)
Loss before tax		**(123,060)**	(32,069)
Income tax (expense)/credit	*8*	**(651)**	8,718
Loss and total comprehensive expenses for the year	*9*	**(123,711)**	(23,351)
Attributable to:			
Owners of the Company		**(123,702)**	(23,471)
Non-controlling interests		**(9)**	120
		(123,711)	(23,351)
Loss per share attributable to the owners of the Company			
Basic and diluted (RMB cents)	*11*	**(25.81)**	(5.87)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Non-current assets			
Plant and equipment		**387**	319
Intangible assets		**28,001**	17
Deferred tax assets		**15,629**	20,765
Goodwill	*14*	**67,477**	–
		111,494	21,101
Current assets			
Inventories		**9,354**	–
Trade receivables, prepayments and other receivables	*12*	**304,215**	518,563
Amounts due from related companies		**157**	100
Contract assets		**–**	18,038
Cash and cash equivalents		**33,966**	17,854
		347,692	554,555
Total assets		**459,186**	575,656
Capital and reserves			
Share capital		**5,043**	3,578
Reserves		**148,779**	179,211
Equity attributable to owners of the Company		**153,822**	182,789
Non-controlling interests		**(25)**	(16)
		153,797	182,773

	Note	2024	2023
		RMB'000	*RMB'000*
Current liabilities			
Trade and other payables	*13*	**136,811**	210,894
Contingent consideration payable		**28,797**	–
Amount due to a director		**14,673**	14,673
Tax payables		**1,692**	1,258
Contract liabilities		**34,448**	17,074
Bank and other borrowings		**80,000**	118,984
Deferred tax liabilities		**6,997**	–
		303,418	362,883
Non-current liability			
Bank and other borrowings		**1,971**	30,000
Total liabilities		**305,389**	392,883
Total equity and liabilities		**459,186**	575,656

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Qian Xun Technology Limited (formerly known as "Ruicheng (China) Media Group Limited") (the "**Company**") was incorporated and registered as an exempted company in the Cayman Islands with limited liability under Companies Law of the Cayman Islands, on 15 January 2019 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 November 2019.

The address of the Company's registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands and the principal place of business is 1716-01, 15th Floor, No. 32 Liangmaqiao Road, Chaoyang District, Beijing, the People's Republic of China (the "**PRC**" or "**China**").

During the year, the Company is an investment holding company and its subsidiaries are principally engaged in the following principal activities:

– Provision of advertising services; and

– E-commerce business of used electronic products and provision of Software-as-a-Service ("**SaaS**") ("**E-commerce Business**").

During the year, the Group established a new line of E-commerce business through acquisition of subsidiaries.

The consolidated financial statements of the Group are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company. The Company and its subsidiaries are hereinafter collectively referred to as the "Group".

2. APPLICATION OF NEW AMD AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

Amendment to IFRS Accounting Standards

In the current year, the Group has applied, for the first time, the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") which are effective for the Group's financial year beginning 1 January 2024.

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

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

New and amendments to IFRS Accounting Standards issued but not yet effective

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

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

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

– Advertisement segment – providing advertising service; and

– E-commerce segment – E-commerce business of used electronic products and provision of SaaS services.

During the year, the Group commenced the business engaging in e-commerce business along with the acquisition of Qian Xun International Limited (as detailed in note 14), and it is considered as a new reportable and operating segment by the management named "E-commerce segment".

Management monitors the results of the Group's operating segments separately for the purpose of making decision about resources allocations and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that finance costs, gain on disposal of a subsidiary and corporate and unallocated income/expenses are excluded from such measurement.

Segment revenue and segment result

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Advertisement		**E-commerce**		**Total**	
	2024	2023	**2024**	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue	**107,646**	378,707	**249,187**	–	**356,833**	378,707
Segment results	**(124,485)**	(24,749)	**6,641**	–	**(117,844)**	(24,749)
Gain on disposal of a subsidiary					**9,304**	–
Corporate and unallocated income *(Note)*					**198**	–
Corporate and unallocated expenses *(Note)*					**(9,803)**	–
Finance costs					**(4,915)**	(7,320)
Loss before tax					**(123,060)**	(32,069)

Note: As at 31 December 2023, all of the Group's activities are considered to be primarily the provision of advertising services and there was only one operating segment of the Group. In this regard, no unallocated income and expenses were separated to present in 2023.

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**182,752**	378,707
Other regions/countries	**174,081**	–
	356,833	378,707

The revenue information above is based on the locations of the customers.

(b) Non-current assets

As at 31 December 2024 and 2023, over 90% of the non-current assets were located in PRC.

Information about the major customers

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

	2024	2023
	RMB'000	*RMB'000*
Customer A[1]	**75,536**	N/A[3]
Customer B[1]	**52,456**	N/A[3]
Customer C[2]	**44,314**	117,547
Customer D[1]	**36,811**	N/A[3]

1 Revenue from E-commerce business of used electronic products
2 Revenue from TV advertising services and online advertising services
3 The corresponding revenue did not contribute over 10% of the total revenue of the Group

4. REVENUE

Disaggregation of revenue from contracts with customers

Revenue represents revenue arising from rendering advertising services, E-commerce business of used electronic products and provision of SaaS services. An analysis of the Group's revenue for the year is as follows:

Types of goods and services

	2024	2023
	RMB'000	*RMB'000*
Television ("TV") advertising services		
– Hard-sell TV advertising services *(Note)*	**8,420**	38,122
– Advertising solution packages involving soft-sell TV advertising services *(Note)*	**30,808**	124,285
	39,228	162,407
Online advertising services	**51,926**	188,155
Outdoor advertising services	**12,251**	17,962
Other advertising services	**4,241**	10,183
	107,646	378,707
E-commerce business of used electronic products	**246,160**	–
Provision of SaaS services	**3,027**	–
	249,187	–
	356,833	378,707

Note: Hard-sell TV advertising service is the placement of traditional advertisements during TV advertising time slots; and soft-sell TV advertising service is the implantation of advertisements in variety shows and TV series such as product placement, title sponsorship, subtitle advertisement and verbal slogan.

Time of revenue recognition

	2024	2023
	RMB'000	*RMB'000*
Over time	**110,673**	378,707
At a point in time	**246,160**	–
	356,833	378,707

5. OTHER INCOME, GAINS AND LOSSES

	2024	2023
	RMB'000	*RMB'000*
Interest income on bank deposits	**258**	45
Government grants *(Note (i))*	**–**	2,648
Input tax additional deduction on value added tax *(Note (ii))*	**–**	809
Gain on disposal of a subsidiary *(Note (iii))*	**9,304**	–
Fair value change of contingent consideration payable	**(2,412)**	–
Others	**446**	(72)
	7,596	3,430

Notes:

(i) The amounts represented subsidies received from the local governments for rewarding the Group's contribution to local economies and for listing. There were no specific conditions attached to the grants and the amounts were recognised in profit or loss when the grants were received.

(ii) The PRC subsidiaries were granted an input tax additional 5% deduction on value-added tax in 2023 according to relevant law on value-added tax of the PRC.

(iii) The Group disposed an indirect wholly-owned PRC subsidiary at a consideration of RMB200,000 on 28 June 2024.

6. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**4,555**	5,529
Guarantee fees on bank borrowings	**360**	1,791
	4,915	7,320

7. PROVISION FOR LOSS ALLOWANCES OF FINANCIAL ASSETS AND CONTRACT ASSETS, NET

	2024	2023
	RMB'000	*RMB'000*
Provision for loss allowances of:		
– Trade receivables	**80,240**	49,572
– Other receivables and prepayments	**45,855**	–
	126,095	49,572
Reversal of loss allowances of:		
– Other receivables	**–**	(147)
– Contract assets	**(945)**	(8,493)
	(945)	(8,640)
Total provision for loss allowances	**125,150**	40,932

8. INCOME TAX EXPENSE/(CREDIT)

	2024	2023
	RMB'000	*RMB'000*
Current tax expenses		
Current year	**928**	1,493
Under-provision in prior year	**28**	22
Deferred taxation	**(305)**	(10,233)
Income tax credit expense/(credit)	**651**	(8,718)

Pursuant to the Law of the PRC on EIT ("**EIT Law**") and Implementation Regulation of the EIT Law, certain PRC subsidiaries qualified as Small Low-profit Enterprises are entitled to 5% PRC EIT. The tax rate of other PRC subsidiaries is 25%.

The applicable tax rate of Xizang Wanmei Advertising Co., Ltd. (西藏萬美廣告有限公司)("**Xizang Wanmei**"), a wholly owned subsidiary of the Group, is 15% according to Circular Zang Zheng Fa 2018 No. 25 (the "**Circular**"). According to the Circular, enterprises located in Tibet and engaged in specific encouraged industries are qualified for applying a preferential tax rate of 15% for the periods from 2018 to 2020. Ministry of Finance in PRC issued 2020 notice no. 23 to extend the tax concession period to 31 December 2030. As such, the EIT rate for Xizang Wanmei is 15% for both years.

Pursuant to the laws and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands as there is no income tax imposed in such jurisdiction.

Pursuant to the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

9. LOSS FOR THE YEAR

	2024	2023
	RMB'000	*RMB'000*
Loss for the year has been arrived at after charging:		
Staff Costs		
Directors' and chief executive's emoluments	**1,480**	1,228
Salaries, wages, allowances and other benefits	**8,186**	3,924
Contributions to retirement benefits scheme (excluding directors', chief executive's and supervisors' emoluments)	**1,533**	1,450
Total staff costs	**11,199**	6,602
Amortisation of intangible assets	**1,222**	5
Depreciation of plant and equipment	**31**	24
Total Depreciation and amortisation	**1,253**	29
Auditors' remuneration	**950**	930
Expenses relating to short-term leases	**1,152**	747

10. DIVIDENDS

No final dividend has been proposed by the Group for the year ended 31 December 2024 and 2023.

11. LOSS PER SHARE

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

	2024	2023
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(123,702)**	(23,471)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share *('000 shares)*	**479,344**	400,000

The diluted loss per share were the same as the basic loss per share as there was no diluted potential ordinary shares in existence during the years ended 31 December 2024 and 2023.

12. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Receivables at amortised cost comprise:		
Trade receivables – contracts with customers	**222,884**	403,410
Less: loss allowance for trade receivables	**(141,841)**	(82,033)
	81,043	321,377
Rental and other deposits	**6,104**	1,838
Deductible value-added tax	**2,852**	5,367
Prepayment to suppliers	**242,694**	182,800
Other receivables	**17,353**	7,265
	269,003	197,270
Less: loss allowance for other receivables and prepayment	**(45,831)**	(84)
	223,172	197,186
Total	**304,215**	518,563

The Group generally determines the credit period granted to customers with reference to the financial position, credit record, duration of business relationship and the types of services the Group provides. Credit and payment terms may vary for different customers and projects. The Group generally issues billings to customers after performance of advertising services according to the terms set out in the relevant contracts.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the date of billing, which approximates the respective revenue recognition dates, at the end of the reporting period:

	2024	2023
	RMB'000	*RMB'000*
0 – 30 days	**889**	95,333
31 – 90 days	**6,972**	–
91 – 180 days	**2,412**	–
181 – 365 days	**36,432**	159,435
Over 365 days	**34,338**	66,609
	81,043	321,377

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate net carrying amount of approximately RMB81,043,000 (31 December 2023: RMB321,377,000), which are past due as at the reporting date. The Group does not hold any collateral over these balances or charge any interest thereon.

13. TRADE PAYABLES AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**97,873**	195,476
Staff cost payables	**7,228**	5,163
Other tax payables	**177**	178
Listing expenses payables	**756**	756
Interest payables	**665**	775
Accrued expenses and other payables	**30,112**	8,546
Total	**136,811**	210,894

The following is an aged analysis of trade payables based on the date of billing as at the end of each reporting period:

	2024	2023
	RMB'000	*RMB'000*
0 – 30 days	**8,780**	77,676
31 – 90 days	**21,841**	–
Over 90 days	**67,252**	117,800
	97,873	195,476

The Group is granted a credit period from 5 to 60 days from its suppliers, unless prepayment to suppliers is specified on the contract. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

14. BUSINESS COMBINATION

On 24 July 2024, the Company and the independent vendors entered into the agreement, and pursuant to the terms of the Agreement, the Company has conditionally agreed to purchase at the consideration, and the Vendors have conditionally agreed to sell the Sale Shares, which is 100% equity interest in the Qian Xun International Limited (formerly known as Charm Linkage Holding Limited) ("**Qian Xun International**").

On 13 August 2024, the conditions precedent under the Agreement have been fulfilled and the Completion took place on 13 August 2024 in accordance with the terms and conditions of the Agreement. Upon the Completion, the Company legally and beneficially owns the entire issued share capital of Qian Xun International, and Qian Xun International will become a wholly-owned subsidiary of the Company.

Qian Xun International is a company incorporated in Hong Kong with limited liability and principally engaged in investment holding and directly owns 100% of Hainan Qieke Technology Company Limited, a wholly foreign-owned enterprise established in the PRC with limited liability, which in turn directly owns (i) 100% of the equity interest in Shenzhen Qian Xun Technology Company Limited (formerly known as Shenzhen Fenhao Technology Company Limited) ("**Shenzhen Qian Xun**"); and (ii) 99.9% of the equity interest in Hangzhou Shiyan Technology Company Limited, which is dormant as at the date of this announcement.

Shenzhen Qian Xun is a company established in the PRC with limited liability, and it is principally engaged in the sales of used electronic products and provision of SaaS services.

The fair values of the identifiable assets and liabilities of Qian Xun International and its subsidiaries as at the respective dates of acquisition are as follows:

	RMB'000
Plant and equipment	32
Intangible asset	29,206
Trade receivables	9,919
Deposits, prepayments and other receivables	7,907
Cash and cash equivalents	1,984
Inventories	4,043
Trade payables	(1,664)
Other payables and accruals	(17,220)
Contract liabilities	(141)
Bank and other borrowings	(9,070)
Deferred tax liabilities	(7,302)
Total identifiable net asset at fair value	17,694
Goodwill arising from the acquisition	67,477
Total consideration *(Note)*	85,171

	RMB'000
Note:	
Consideration satisfied by:	
Shares issued, at fair value	58,786
Contingent consideration payable	26,385
Total consideration	85,171

Analysis of the cash flows on acquisition:

	RMB'000
Cash and cash equivalents acquired	1,984
Net inflow of cash and cash equivalents included in cash flows from investing activities	1,984

15. EVENTS AFTER THE REPORTING PERIOD

Placing of convertible bonds under Specific Mandate

On 4 November 2024, the Company entered into a placing agreement with the placing agent pursuant to which the Company proposed to offer for subscription, and the Placing Agent agreed to procure subscriptions for the convertible bonds on a best effort basis on the terms and subject to the conditions set out in the placing agreement. The placing agent shall procure not less than six placees to subscribe for the convertible bonds in the aggregate principal amount of up to HK$300,001,000 (equivalent to approximately RMB277,058,000). The completion took place on 28 February 2025. The convertible bonds in the aggregate principal amount of HK$256,630,000 (equivalent to approximately RMB236,767,000) have been successfully issued and placed to not less than six placees.

Upon the full conversion of the convertible bonds, based on the initial conversion price of HK$2.60 per conversion share (subject to adjustment), 98,703,846 conversion shares will be allotted and issued by the Company upon exercise of the conversion rights attaching to the convertible bonds in full, representing (i) approximately 17.63% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 14.98% of the total issued shares as enlarged by the allotment and issue of 98,703,846 conversion shares.

Further details are set out in the Company's announcement dated 4 November 2024, 19 December 2024, 10 January 2025, 27 January 2025, 25 February 2025 and 28 February 2025 and circulars of the Company dated 10 January 2025.

Misconduct Actions by Ms. Wang Xin and Potential Loss of Control and Ownership in a Subsidiary

In February 2025, the directors of the Company (the "**Board**") discovered that the legal representatives of several PRC subsidiaries had been changed to Ms. Wang Xin (the former Executive Director and Chairlady of the Board, who was removed from her position effective 1 March 2025) without proper authorisation from the Board. Furthermore, the Board uncovered that the entire interest in an indirect wholly-owned PRC subsidiary (the "**PRC Subsidiary**") had been transferred to an independent third party outside of the Group without the approval of the Board. As of 31 December 2024, the PRC Subsidiary had net liabilities amounting to approximately RMB 45,345,000.

In response to these alleged misconduct actions by Ms. Wang Xin, the Board has sought legal advice and initiated legal proceedings. At this stage, it is not possible for the Board to determine the potential financial impact on the Group arising from these actions, as further investigations are required. These investigations will continue subsequent to the approval date of the Group's consolidated financial statements for the year ended 31 December 2024.

Further details are set out in the Company's announcements dated 1 March 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Market overview

The overall consumption level in China maintained a steady recovery compared to 2023. However, according to relevant data from the National Bureau of Statistics (NBS), the year-on-year growth rate of monthly retail sales of social consumer goods showed a slowdown and advertisers' budgets and preferences were more significantly affected by the macro-economy. Therefore, the Group's advertising business experienced a decline in revenue and gross profit in 2024. In outlook for 2025, the overall growth of the advertising industry is expected to be limited, with advertisers tending to exercise caution and prudence when making their marketing budgets.

Against the backdrop of global economic fluctuations and changing consumption trends, consumer downgrading has become increasingly prominent, while the second-hand economy is experiencing explosive growth. This type of economy, as a new engine of economic development and a key drive of sustainable development, is receiving unprecedented attention. Due to the uncertain growth of the advertising industry, the Group completed the acquisition of "Qian Xun Technology", a trading and service platform for used electronic products, in August 2024 to strengthen the Group's revenue streams and diversify its revenue sources. Since the acquisition, the Group has recognised sales turnover for used electronic products of approximately RMB246.2 million and provision of SaaS service income of approximately RMB3.0 million, which also contributed to the Group's segment profit immediately.

At the historical convergence of the advertising industry's slowdown and the deepening of consumer differentiation, the Group has positioned itself in the promising second-hand economy sector through a strategy that drives both efficiency improvements and business innovation. Leveraging the rise of China's trillion-dollar leisure goods distribution market, the Group is expected to achieve a fundamental restructuring of its revenue structure in the next three years, moving towards a new era of sustainable growth.

Business review

TV advertising services

Nowadays, there are various forms of media and the audience's contact with media is diversified and dispersed. The market competition is fierce, but the core position of TV media at the consumer audience level remains strong, and the value-creation capability of TV advertising is widely recognised by advertisers, with the authoritative media represented by TV media endorsing the brand and shaping the brand's main line of value. The Group provides professional and customised TV advertising solutions to its customers. By leveraging its long-term business relationship with major suppliers, the Group is able to provide customers with a wealth of cost-effective communication resources, deliver high-quality advertising displays within their budgets, and maximise the value of advertising.

During the year ended 31 December 2024 (the "**Year**"), faced with the intense market competition in the TV advertising services industry, the Group sought to maximise the profitability of its business, resulting in a significant decline in the television advertising industry with revenue of approximately RMB39.2 million.

Online advertising services

In terms of online advertising and online marketing, the market is highly competitive with the dispersed business. In response to the current trend of Internet media development and the placement needs of advertisers, the Group reduced its efforts in online advertising. Meanwhile, riding on the strengths and experience accumulated by the Group in TV content marketing and communications, the Group has made all efforts to improve the integrated Internet service capability and strengthened the communication services of Internet variety content, integrating the successful experience of online advertising and traditional business, thus enhancing the professional ability of Internet content integration in future to provide customers with one-stop online marketing solutions and help customers realise better outcome in placing online advertisements and improve their brand popularity.

During the Year, faced with the intense market competition in the online advertising services industry, the Group endeavoured to maximise the profitability of its business, resulting in a significant decline in the online advertising services with revenue of approximately RMB51.9 million.

Outdoor advertising services

The Group continues to strengthen and improve its market penetration in the field of outdoor display boards, LED displays, elevators in buildings, bus bodies, metro outdoor advertising and other advertisement placement segments. Leveraging on its quality outdoor advertising resources and well-established connections with relevant suppliers, the Group provides customers with diversified scenes as well as scene-integrated communication solutions. During the Year, the Group placed advertisements on bus bodies, LEDs and other advertisements in collaboration areas for clients of well-known brands in the furniture and home appliances and technical services industries.

During the Year, revenue from the outdoor advertising services business amounted to approximately RMB12.3 million.

Other advertising services

Building on the stable foundation formed by its original diversified media advertising services, the Group continues to explore new areas of resources and in-depth collaboration, including the development and utilisation of resources for brand strategy design and services, radio advertising, magazine advertising, newspaper advertising and livestream advertising to meet customers' diversified advertising needs.

During the Year, the revenue from other advertising services amounted to approximately RMB4.2 million.

E-commerce business of used electronic products

The Group starts to engage in the e-commerces business of used electronic products after the completion of acquisition of Qian Xun International Limited (formerly know as Charm Linkage Holding Limited) ("Qian Xun Int") on 13 August 2024. Since the acquisition of Qian Xun Int, it has generated sales turnover for used electronic products in the amount of approximately RMB246.2 million and provision of SaaS services income in the amount of approximately RMB3.0 million for the Year and recognized segment profit in the amount of approximately RMB6.6 million to the Group.

Financial Review

Revenue and loss and total comprehensive expenses attributable to the owners of the Company

During the Year, the Group recorded revenue of approximately RMB356.8 million, representing a decrease of approximately 5.8% from approximately RMB378.7 million for the year ended 31 December 2023 (the "**Corresponding Year**").

Revenue details for the Reporting Period are as follows:

(1) During the Year, revenue from TV advertising services was approximately RMB39.2 million, representing a decrease of approximately 75.9% from approximately RMB162.4 million for the Corresponding Year. Due to the fierce competition and increased costs in the advertising industry, the Group reduced its placement on the less profitable TV advertising, in order to maximise the profitability of its business, which resulted in a decline in revenue attributable to TV advertising services.

(2) During the Year, revenue from online advertising services was approximately RMB51.9 million, representing a decrease of approximately 72.4% from approximately RMB188.2 million for the Corresponding Year. Due to the fierce competition and increased costs in the advertising industry, the Group reduced its placement on the less profitable online advertising, in order to maximise the profitability of its business, which resulted in a decline in revenue attributable to online advertising services.

(3) During the Year, revenue from outdoor advertising services was approximately RMB12.3 million, representing a decrease of approximately 31.7% from approximately RMB18.0 million for the Corresponding Year. Due to the fierce competition and increased costs in the advertising industry, the Company reduced its placement on more profitable outdoor advertising, in order to maximise the profitability of its business, which resulted in a decrease in revenue attributable to outdoor advertising services.

(4) During the Year, revenue from other advertising services was approximately RMB4.2 million, representing a decrease of approximately 58.8% from approximately RMB10.2 million for the Corresponding Year. Due to the fierce competition and increased costs in the advertising industry, the Company reduced its placement on the more profitable other advertising, in order to maximise the profitability of its business, which resulted in a decrease in revenue attributable to other advertising services.

(5) The Group starts to engage in the e-commerces business of used electronic products after the completion of acquisition of Qian Xun Int on 13 August 2024. Since the acquisition of Qian Xun Int, the Group recognized sales turnover for used electronic products in the amount of approximately RMB246.2 million and provision of SaaS services income in the amount of approximately RMB 3.0 million for the Year.

During the Year, the loss and total comprehensive expenses attributable to the owners of the Company was approximately RMB123.7 million, while the loss and total comprehensive expenses attributable to the owners of the Company for the Corresponding Year were approximately RMB23.5 million.

Gross profit and gross profit margin during the Reporting Period

During the Year, the Group recorded gross profit and gross profit margin of approximately RMB22.5 million and approximately 6.3%, respectively. The Group's gross profit and gross profit margin for the Corresponding Year were approximately RMB23.6 million and approximately 6.2%, respectively. The gross profit and gross profit margin are stable during the Year.

Other income, gains and losses

During the Year, other income, gains and losses of the Group amounted to approximately RMB7.6 million, representing an increase of 123.5% from approximately RMB3.4 million for the Corresponding Year. During the Year, other income, gains and losses were mainly attributed from the gain on disposal of a subsidiary.

Selling and marketing expenses

During the Year, selling and marketing expenses of the Group amounted to approximately RMB6.0 million, representing an increase of approximately 130.8% from approximately RMB2.6 million for the Corresponding Year. The main reason for the increase in selling and marketing expenses of the Group was due to the impact of increase in staff travel expenses.

Administrative expenses

During the Year, the Group's administrative expenses were approximately RMB17.1 million, representing an increase of approximately 108.5% from approximately RMB8.2 million in the Corresponding Year. The main reason for the increase in administrative expenses of the Group was due to the increase in the number of employees as compared with for Corresponding Year.

Finance costs

During the Year, finance costs of the Group amounted to approximately RMB4.9 million (last year: approximately RMB7.3 million), representing a decrease of 32.9%, which was mainly due to the change in part of the loan structure in 2024 leading to a decrease in bank borrowings.

Provision for losses allowances of financial assets and contract assets, net

During the Year, the Group recorded provision for losses allowances of financial assets and contract assets, net of approximately RMB125.2 million (last year: provision for losses allowances of financial assets and contract assets of approximately RMB40.9 million), which was due to the decrease of Group's accounts receivable turnover rate.

Income tax (expense)/credit

For the Reporting Period, the Group's income tax expense was approximately RMB0.7 million (last year: income tax credit of approximately RMB8.7 million), which was primarily due to deferred taxation as a result of losses allowances.

Loss and total comprehensive expenses for the year

The Group's loss and total comprehensive expense for the Reporting Period was approximately RMB123.7 million (last year: loss and total comprehensive expense of approximately RMB23.4 million). Save for the influences from the aforesaid factors, it can be attributed to the increase in the provision for loss allowance of trade receivables.

Deferred tax assets

As at 31 December 2024, the deferred tax assets were approximately RMB15.6 million (31 December 2023: approximately RMB20.8 million).

Trade receivables, prepayments and other receivables

As at 31 December 2024, the Group's trade receivables, prepayments and other receivables amounted to approximately RMB304.2 million (31 December 2023: approximately RMB518.6 million), representing a decrease of approximately 41.3% as compared to the previous year. The decrease in trade receivables was mainly due to the fact that the increase in the provision for loss allowance of trade receivables.

Contract assets

As at 31 December 2024, the Group's contract assets were zero (31 December 2023: approximately RMB18.0 million). The operations at the end of the year were executed and at the same time the receivables from the customers were received, thereby resulting in a significant reduction in the contract assets.

Trade and other payables

As at 31 December 2024, trade and other payables amounted to approximately RMB136.8 million (31 December 2023: approximately RMB210.9 million), representing a year-on-year decrease of 35.1%.

Tax payables

As at 31 December 2024, tax payables amounted to approximately RMB1.7 million (31 December 2023: approximately RMB1.3 million).

Significant investments, material acquisitions and disposals of subsidiaries and associated companies

Placing of New Shares under Generate Mandate

On 24 May 2024, the Company entered into an agreement for the placing of up to an aggregate of 80,000,000 placing shares at the placing price of HK$0.50 per placing share. All the conditions precedent set out in the agreement have been fulfilled and completion of the share placing took place on 7 June 2024. For further details, please refer to the announcements of the Company dated 24 May 2024 and 7 June 2024.

Disposal of a Subsidiary

On 28 June 2024, Beijing Ruicheng Advertising Co., Ltd. ("**Beijing Ruicheng**"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Beijing Youlan Culture Media Co., Ltd. (the "**Purchaser**"), pursuant to which Beijing Ruicheng agreed to sell, and the Purchaser agreed to purchase, the entire equity interest in Shanghai Kailun Advertising Co., Ltd., a then indirect wholly-owned subsidiary of the Company, at a consideration of RMB0.2 million. Completion of such disposal took place on the same day. For further details, please refer to the announcement of the Company dated 28 June 2024.

Acquisition of a subsidiary of the Company

On 24 July 2024, the Company entered into a sale and purchase agreement with Ms. Li Ye and Mr. Cong Peijin (collectively, the "**Vendors**"), pursuant to which the Company has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell the entire issued shares of Charm Linkage Holdings Limited (創領集團有限公司) for a total consideration of HK$82,600,000.00 (subject to adjustment) (the "**Acquisition**"), which shall be settled partially by the allotment and issue of 80,000,000 new shares in the Company and partially by payment of cash which can be adjusted. The aforementioned sale and purchase was completed on 13 August 2024. For further details, please refer to the announcements of the Company dated 24 July 2024 and 13 August 2024.

Placing of convertible bonds under Specific Mandate

On 4 November 2024, the Company entered into a placing agreement with the placing agent pursuant to which the Company proposed to offer for subscription, and the Placing Agent agreed to procure subscriptions for the convertible bonds on a best effort basis on the terms and subject to the conditions set out in the placing agreement. The placing agent shall procure not less than six placees to subscribe for the convertible bonds in the aggregate principal amount of up to HK$300,001,000.

The completion took place on 28 February 2025. The convertible bonds in the aggregate principal amount of HK$256,630,000 have been successfully issued and placed to not less than six placees. Upon the full conversion of the convertible bonds, based on the initial conversion price of HK$2.60 per conversion share (subject to adjustment), 98,703,846 conversion shares will be allotted and issued by the Company upon exercise of the conversion rights attaching to the convertible bonds in full, representing (i) approximately 17.63% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 14.98% of the total issued shares as enlarged by the allotment and issue of 98,703,846 conversion shares.

For further details, please refer to the announcements of the Company dated 4 November 2024, 19 December 2024, 10 January 2025, 27 January 2025, 25 February 2025 and 28 February 2025 and circulars of the Company dated 10 January 2025.

Save as disclosed above, the Group had no significant subsequent events which needs to be disclosed as at December 31, 2024 and up to the date of this announcement.

Liquidity and financial resources

As at 31 December 2024, cash and cash equivalents amounted to approximately RMB34.0 million (31 December 2023: approximately RMB17.9 million) of which, substantially was in HK$.

As at 31 December 2024, the Group's total assets was approximately RMB459.2 million, of which equity attributable to the owners of the Company was approximately RMB153.8 million, non-controlling equity was approximately RMB0.03 million.

Capital expenditure

During the Year, the Group did not have any other significant capital expenditure.

Contingent liabilities

During the Year, the Group incurred contingent liabilities in the amount of approximately RMB28.8 million which are from contingent consideration payable of the Acquisition.

Gearing ratio

The Group's gearing ratio decreased from approximately 81.5% as at 31 December 2023 to approximately 53.3% as at 31 December 2024. The gearing ratio is calculated by dividing the sum of total bank and other borrowings by total equity as at the end of the respective periods, and multiplied by 100%.

Foreign exchange risk

The Group's business activities and operations are mainly carried out in China where core transactions are conducted in RMB. The influence by exchange rate fluctuations on cash flow or liquidity of the Group's operating business is very limited, therefore, the Group currently did not engage in or intend to manage hedging activities of foreign exchange rate risk. The Group will continue to monitor foreign exchange activities to secure the Group's cash value as far as possible.

Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuations in the prevailing market interest rates on bank balances and cash. The Group does not have an interest rate hedging policy.

The Group's fair value interest rate risk relates primarily to fixed-rate bank and other borrowings and lease liabilities. The Group's policy is to maintain short-term borrowings at prevailing market rates so as to minimise the fair value interest rate risk.

Industry and Group outlook

With the improvement in macro-economic conditions and market environment, the Group expects the advertising business to have a brighter outlook in 2025. The Group will continue to expand the cooperation with platforms that have high-quality traffic. The Group aims to realise the precise advertising effect of "Quality and Effectiveness in One" of its brand partners through AI technology to satisfy the advertisers' demand for both broad and deep advertising reach. At the same time, we will continue to reduce cost and enhance efficiency to improve the overall operating efficiency within the Group.

The Group has successfully placed convertible bonds in the aggregate principal amount of HK$257 million on 28 February 2025, which has significantly strengthened the Group's financial position. The Group has utilised the proceeds from the placing as planned to not only develop the Group's advertising business, but also to expand the Group's used electronic product platform business in the PRC. Meanwhile, it has proactively expanded the used electronic product supply chain business in the Asia Pacific region (excluding Mainland China), as well as the North American region and the Middle East.

In March 2025, the Group officially launched the industry's first second-hand 3C intelligent decision-making engine, "Fenhao Cloud AI Assistant", which is based on DeepSeek, a world-leading AI large language model.

The tool deeply integrates the real-time transaction data of "Fenhao Cloud", the SAAS platform of Qian Xun Technology, and the intelligent decision-making capability of DeepSeek, with four major functions: intelligent pricing, intelligent pricing adjustment, risk alert, and auto-purchasing, aiming to provide merchants and consumers with intelligent AI services across the entire chain.

The year 2025 will be a critical year for the Group's "Strategic Change". The Group plans to offset the weakness in the advertising business with the high growth in the second-hand e-commerce business in the short term, stabilise its fundamentals. In addition, it aims to implement cost restructuring and achieve significant efficiency gains through supply chain optimisation and the use of AI technology in the mid-term. In the long run, we aim to establish a triangular framework consisting of "Technology + Supply Chain + Finance", with the goal of becoming a benchmark enterprise in the circular economy.

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

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

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Loss of Control and Ownership in a Subsidiary

On or about 7 February 2025, the Company discovered that the legal representatives of several PRC subsidiaries had been changed to Ms. Wang Xin (the former executive director and Chairlady of the Board of the Company) without proper Board authorization. Upon investigation, it was found that these changes may involve the use of forged documents. The Company has reported the relevant situation to the police in the PRC and Hong Kong.

Save and except for Lingyu (Beijing) Culture Media Co., Ltd.* (領育(北京)文化傳媒有限公司) ("**Lingyu Beijing**"), the legal representatives of those PRC subsidiaries have been changed back to the authorized officers of the Company, and the Company has resumed control over those PRC subsidiaries by the end of February 2025.

The legal representative of Lingyu Beijing was changed to Sun Xiaoming, an associate of Ms. Wang Xin, on 17 February 2025. Without the knowledge of the Company, all equity of Lingyu Beijing was secretly sold to an outside party on 19 February 2025.

Legal Action Taken by the Company:

The Company has engaged PRC legal counsel to advise on the possible cause of action against Ms. Wang and/or other parties for the recovery of Lingyu Beijing's equity. Based on the publicly available records, the equity of Lingyu Beijing has been transferred three times – first to Beijing Zhiang Trading Co., Ltd.* (北京祉昂貿易有限公司) on 19 February 2025, then to Jilin Chuangfeng Investment Co., Ltd.* (吉林創鋒投資有限公司) on 25 February 2025, and finally to Zhongke Guorong Non-Performing Asset Disposal (Shandong) Co., Ltd.* (中科國融不良資產處置(山東)有限公司) on 10 March 2025. These repeated transfers complicate the legal process, as each transfer may involve additional parties and legal complexities, potentially making recovery more challenging.

Commencement of legal action against Ms. Wang

Beijing Rui Sincere Advertising Co., Ltd.* (北京瑞誠廣告有限公司) ("**Beijing Rui Sincere**"), a subsidiary of the Company, commenced legal proceedings against, among others, Ms. Wang for her alleged misconduct. On 21 March 2025, the legal action was officially accepted by the Chaoyang District People's Court in Beijing (Case No.: (2025) Jing 0105 Min Chu 49583).

Primarily, Beijing Rui Sincere is seeking damages for the harm caused to the Company due to Ms. Wang's alleged misconduct, including unauthorized changes to legal representatives, forgery of signatures, and the secret sale of Lingyu Beijing's equity. The Company will submit additional evidence to the court in due course. The court has not yet notified the trial date, and whether the Company can recover the equity of Lingyu Beijing will depend on the court's further investigation and the trial process.

Lingyu Beijing is a company incorporated in the PRC with net liabilities of approximately RMB45,345,000 as of 31 December 2024.

Save as disclosed above, the Group had no significant subsequent events that need to be disclosed as of 31 December 2024 and up to the date of this announcement.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Reporting Period.

DIVIDENDS

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE CONTAINED IN APPENDIX C1 TO THE LISTING RULES

The Company is committed to maintaining a high standard of corporate governance practices. The Company has complied with the required code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities transactions by Directors of Listed issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having been made specific enquiry, the Directors confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises three independent non-executive Directors, namely, Ms. Lam Hoi Yan Karen (the Chairlady), Mr. Niu Zhongjie and Mr. Wong Sincere. The primary duties of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditors, review of the Company's financial information, and oversight of the Company's financial reporting system, risk management and internal control procedures.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2024. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

SCOPE OF WORK OF PRISM HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2024 have been agreed by the Company's auditor, Prism Hong Kong Limited ("**Prism**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Prism in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Prism on this annual results announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fprice.cn).

The annual report of the Company for the year ended 31 December 2024 containing all information required by the Listing Rules will be available on the above websites in due course.

By Order of the Board
Qian Xun Technology Limited
Sun Changpeng
Chairman and Executive Director

Hong Kong, China, 31 March 2025

As at the date of this announcement, the executive directors are Mr. Sun Changpeng and Mr. Leng Xuejun, and the independent non-executive directors are Ms. Lam Hoi Yan Karen, Mr. Wong Sincere and Mr. Niu Zhongjie.