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Beijing UBOX Online Technology Corp.

北京友寶在線科技股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2429)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Beijing UBOX Online Technology Corp. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended December 31, 2024. These results have been prepared in accordance with the applicable requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Hong Kong Financial Reporting Standards and has been reviewed by the Audit Committee (“**Audit Committee**”) of the Board. This announcement complies with the relevant requirements of the Listing Rules in relation to information to accompany preliminary announcements of annual results.

In this announcement, “we”, “us”, and “our” refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above). Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

SUMMARY

Financial Overview

	For the year ended December 31,				
	2024	As a percentage of revenue	2023	As a percentage of revenue	Year-on- year change
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	%
Revenue	2,918,867	100.0	2,672,020	100.0	9.2
Cost of sales ⁽¹⁾	(1,877,600)	(64.3)	(1,583,351)	(59.3)	18.6
Gross profit	1,041,267	35.7	1,088,669	40.7	(4.4)
Operating loss ⁽²⁾	(176,833)	(6.1)	(299,457)	(11.2)	(40.9)
Loss before income tax	(191,838)	(6.6)	(313,998)	(11.8)	(38.9)
Loss for the year	(210,738)	(7.2)	(319,473)	(12.0)	(34.0)
Loss for the year attributable to:					
– Owners of the Company	(197,276)	(6.8)	(327,295)	(12.3)	(39.7)
– Non-controlling interests	(13,462)	(0.5)	7,822	0.3	(272.1)
Adjusted net loss (non-HKFRS measure)	(115,358)	(4.0)	(202,394)	(7.6)	(43.0)

Notes:

1. Consists of (i) cost of inventories sold, (ii) bank and payment charges, (iii) taxes and surcharges and others.
2. Operating loss represent gross profit net of (i) selling and marketing expenses, (ii) general and administrative expenses, (iii) research and development expenses, (iv) net impairment loss on financial assets, (v) other income and (vi) other losses, net.

Operating Metrics

	As of December 31, 2024 <i>Unit</i>	2023 <i>Unit</i>	Year-on-year change %
Ubox POSs by city tier			
Tier one cities	20,444	19,117	6.9
New tier one cities	23,889	20,546	16.3
Tier two cities	14,568	12,719	14.5
Tier three cities	6,163	5,030	22.5
Others	2,080	2,309	(9.9)
Total	67,144	59,721	12.4
	As of December 31, 2024 <i>Unit</i>	2023 <i>Unit</i>	Year-on-year change %
Ubox POSs by consumption scenario			
Schools	18,070	16,230	11.3
Factories	15,925	15,911	0.1
Office premises	12,609	12,381	1.8
Public venues ⁽¹⁾	6,663	7,550	(11.7)
Transportation hubs	3,176	1,618	96.3
Restaurants	406	723	(43.8)
Others ⁽²⁾	10,295	5,308	94.0
Total	67,144	59,721	12.4

Notes:

- Public venues include, among others, tourist attractions, parks, hospitals, shopping centers and sports venues.
- Others primarily include hotels, local communities and residential apartments.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2024, we strategically promoted the sales of customized merchandise and channel-limited merchandise through our unmanned retail business and merchandise wholesale. A customized merchandise is the customized product we ordered directly from the third party manufacturers based on specific demand of our customers in response to consumer's needs and preferences in unmanned retail scenario. A channel-limited merchandise is a product only available in a specified sales channel. A channel-limited merchandise can be labeled to enhance marketing targeting and precision. We believe that customized merchandise and channel-limited merchandise allow us (i) to efficiently implement channel control and marketing strategies to attain a higher gross profit margin; and (ii) to control both the cost and the quality of the merchandise.

During the year ended December 31, 2024, the Group revised its internal segment reporting to include four reportable segments: (i) unmanned retail business, (ii) merchandise wholesale, (iii) advertising and system support services and (iv) others. The segment of vending machine sales and leases was reclassified to present in segment of others. Accordingly, the classification of segment has been adjusted retrospectively for the year ended December 31, 2023 and prior period comparatives have been revised to conform with the current period presentation.

In 2024, the Group recorded total revenue of approximately RMB2,918.9 million, representing a year-on-year growth of 9.2%; the Group recorded gross profit of approximately RMB1,041.3 million, representing a year-on-year decrease of 4.4%; loss for the year attributable to equity shareholders of the Company amounted to approximately RMB197.3 million, representing a year-on-year decrease of 39.7%; the Group's adjusted net loss (non-HKFRS measure) amounted to approximately RMB115.4 million, representing a year-on-year decrease of 43.0%.

As of December 31, 2024, the number of our Ubox POSs was 67,144, representing a year-on-year increase of 12.4%; the number of our POS partners (excluding restaurant model partners) was 2,114, representing a year-on-year increase of 9.4%; the number of restaurant model partners was 444, representing a year-on-year decrease of 36.9%; the number of Non-Ubox POSs was 15,749, representing a year-on-year increase of 12.1%.

Unmanned retail business

In 2024, we continued to engage in the sales of FMCG through vending machines through our vast network of Ubox POSs across mainland China, supported by our data-driven operation system. We continued to offer consumers swift and convenient access to a broad selection of FMCG, including bottled beverages, snacks and freshly brewed coffee and other beverages.

The major categories of our vending machines included:

- *Pick-and-go cabinet*, our latest vending machine model that is equipped with the latest hardware technologies, structure design and lighting and combined use of biometric authentication, credit assessment algorithm and Internet of Things technologies. It automatically detects merchandise that has been removed and check out when the consumer closes the door, simplifying the transaction process and creating a new, hassle-free consumption experience.
- *Beverage vending machine*, a vending machine that is equipped with a touch screen and biometric authentication device, it is designed to offer consumers an optimal experience in purchasing canned and bottled beverages. Our beverage vending machine is equipped with built-in biometric authentication device, allowing it to interact with the consumers' electronic wallets which support biometric authentication. It also has a dynamic energy saving system that is capable of heating and cooling the merchandise, which allows operators to adjust the category of merchandise based on seasonal needs.
- *Beverage and snack vending machine*, a vending machine that suits various consumption scenarios. With expandable inner cabinet volume, the beverage and snack vending machine can accommodate a broad range of merchandise, including fragile items and merchandise with irregular packaging. With adjustable shelf and rack spaces, and the capability of cooling the merchandise, it has the versatility to adapt to a wide range of scenarios, allowing operators to adjust the category of merchandise based on a range of factors, including seasonal needs.
- *Freshly brewed beverage vending machine*, a machine developed by us, that can serve consumers with a wide selection of freshly brewed beverages on demand, including freshly ground and capsule coffee, tea, juice, chocolate and other special drinks such as milk tea and Chinese sweet soup.

The table below sets forth the number of Ubox POSs by type of vending machines as of the dates indicated:

	As of December 31,		Year-on-year
	2024	2023	change
	<i>Unit</i>	<i>Unit</i>	<i>%</i>
Vending machines by type			
Pick-and-go cabinets	48,696	36,861	32.1
Beverage vending machines	15,131	17,330	(12.7)
Beverage and snack vending machines	1,386	2,781	(50.2)
Freshly brewed beverage vending machines	1,569	2,363	(33.6)
Others ⁽¹⁾	362	386	(6.2)
Total	67,144	59,721	12.4

Note:

- (1) Others include other types of machines such as orange juice machines and coconut juice machines.

The number of our Ubox POSs increased from 2023 to 2024, which was mainly because we had vigorously expanded POSs located in the communities and schools.

In line with the increase in the number of our Ubox POSs, our overall operation result had improved in 2024 and the average monthly GMV of our vending machines had slightly increased in the same period. The table below sets forth average monthly GMV of each type of our vending machines at Ubox POSs, excluding POSs of POS partners who are restaurant model partners, for the periods indicated:

	As of December 31, 2024	2023	Year-on-year change %
<i>(RMB per machine per month)</i>			
Monthly GMV by type of vending machines			
Pick-and-go cabinets	3,130	2,746	14.0
Beverage vending machines	4,224	4,172	1.2
Beverage and snack vending machines	6,903	3,149	119.2
Freshly brewed beverage vending machines	826	947	(12.8)
Others ⁽¹⁾	14	1	1,300
	<hr/>	<hr/>	<hr/>
Total	3,327	3,154	5.5
	<hr/>	<hr/>	<hr/>

Note:

(1) Others include other types of machines such as orange juice machines and coconut juice machines.

The overall average monthly GMV of our vending machines, in particular, our pick-and-go cabinets and beverage and snack vending machines, increased during the Reporting Period primarily due to the renovation and upgrade of certain pick-and-go cabinets, which significantly increased in the inventory volume of the equipment, the number of stock keeping unit sold and revenue per replenishment, resulting in the increase in the sales per Ubox POSs. Also, we optimised our operation based on big data, including the formulation of merchandise assessment system and merchandise structure strategies, request for restock of best-selling merchandise and replacement of slow-moving merchandise, the attainment rate of the assessment of stock keeping unit of the vending machines, restocking cycle and assessment of the out-of-stock rate.

Merchandise wholesale

In 2024, in addition to selling directly to consumers through our retail platform, we also continued to sell merchandise to customers (who are typically vending machine operators) on a wholesale basis as our buyers rather than agents. We continued to leverage our data-driven operation network, procurement cost advantage resulting from bulk purchase and storage facilities to provide merchandise wholesale, which mainly comprised beverages and snacks, to our merchandise wholesale customers. As of December 31, 2023 and 2024, we had 1,196 and 1,851 merchandise wholesale customers, respectively. The number of our merchandise wholesale customers increased from 2023 to 2024 primarily due to the rapid expansion of our shared warehouse business by establishing warehouses in different cities and expanding the operation and delivery. The increase in the number of merchandise wholesale customers was in line with the increase in the revenue from merchandise wholesale during the Reporting Period.

Some of our merchandise wholesale customers were also our Non-Ubox POS operators, who operated vending machines that were connected to our operation system. As of December 31, 2023 and 2024, 312 and 1,379 of our merchandise wholesale customers were also our Non-Ubox POS operators, respectively. Such increase during the Reporting Period was primarily due to the reason discussed above.

Advertising and system support services

In 2024, we continued to leverage our technology and data analytics capabilities to support our digital advertising platform, which mainly consisted of provision of (i) merchandise display advertising services, and (ii) revenue derived from fees charged to the Group's Non-Ubox POSs operators for using its operation system. Our retail platform allowed us to provide advertisers with extensive reach across the country. We continued to allow advertisers to deliver engaging advertising experience to customers. As of December 31, 2024, we had 63 digital advertising service customers.

Others

In 2024, we continued to offer other services, which mainly comprised mobile device distribution services, vending machine sales and leases and others. These are currently not the focus of our business, and we do not expect significant growth in these business segments.

Mobile Device Distribution Services

In 2024, we continued our non-exclusive distribution arrangement with mobile phone manufacturers and offered unmanned mobile phones and accessories retail solutions to authorized resellers of major mobile phone manufacturers with our digitalization capabilities and our extensive experience in vending machine operations. In particular, we digitalized the delivery of mobile phones and accessories from mobile device resellers to consumers with our customized mobile device cabinets, namely (i) U-Buy Cloud Cabinet (優寶雲店) for the sales of mobile phones and accessories, and (ii) U-Buy Cloud Warehouse (優寶雲倉) for storage of mobile phones and accessories. Our U-Buy Cloud Cabinets and U-Buy Cloud Warehouses are equipped with 24-hour video surveillance and visual identification technologies to avoid damage or loss of merchandise. As of December 31, 2024, we had launched 803 U-Buy Cloud Cabinets and 3 U-Buy Cloud Warehouses in 661 offline stores operated by authorized resellers of major mobile phone manufacturers across mainland China. As of December 31, 2024, we cooperated with 19 resellers in our mobile device distribution services.

Vending machine sales and leases

In 2024, we continued to sell, lease and/or provide hardware support services, including machine installation and maintenance services, for vending machines to our Non-Ubox POS operator. In 2023 and 2024, the average selling price of vending machines sold was RMB5,010 and RMB5,095, respectively. The average selling price of vending machines increased in 2024, primarily because the proportion of beverage vending machines with relatively higher selling prices among the vending machines sold increased in the same period.

Others

In 2024, we continued to operate our network of karaoke booths. As of December 31, 2024, we had a total of 934 karaoke booths POSs under the direct operation model and 1,763 karaoke booths POSs under franchising model, situated in 262 cities in mainland China. We also continued to (i) sell, lease and/or provide hardware support services and (ii) provide operation system support to karaoke booth franchisees. As of December 31, 2024, we had 602 franchisees operating the karaoke booths under franchising model.

FINANCIAL REVIEW

Revenue

We generated revenue during the Reporting Period from (i) unmanned retail business, (ii) merchandise wholesale, (iii) advertising and system support services and (iv) others. Others mainly include mobile device distribution services, vending machine sales and leases and others across mainland China.

The table below sets forth our revenue by business segment for the periods presented:

	For the year ended December 31,				Year-on-year change %
	2024		2023		
	RMB'000	%	RMB'000	%	
Unmanned retail business	1,965,459	67.3	2,034,322	76.1	(3.4)
Merchandise wholesale	552,819	18.9	287,214	10.7	92.5
Advertising and system support services	134,340	4.6	115,556	4.3	16.3
– Digital advertising services	122,683	4.2	101,854	3.8	20.4
– Operation system support	11,657	0.4	13,702	0.5	(14.9)
Others	266,249	9.2	234,928	8.9	13.3
Total	2,918,867	100.0	2,672,020	100.0	9.2

- *Unmanned retail business.* Our revenue from unmanned retail business for the year ended December 31, 2024 amounted to approximately RMB1,965.5 million, representing a year-on-year decrease of 3.4%. The decrease was primarily due to (i) the impact of deteriorating economy and factories closure or relocations on the revenue from POSs located in factories, (ii) the impact of rainy season on the demand for beverages and (iii) some of the vending machines located in the airports have not commenced operations because the passenger volume of airports have not fully recovered.
- *Merchandise wholesale.* Our revenue from merchandise wholesale for the year ended December 31, 2024 amounted to approximately RMB552.8 million, representing a year-on-year increase of 92.5%. The increase was primarily due to the significant increase in the number of merchandise wholesale customers as a result of the active implementation of our shared warehouse initiative coupled with the increase in procurement from merchandise wholesale customers.
- *Advertising and system support services.* Our revenue from advertising and system support services for the year ended December 31, 2024 amounted to approximately RMB134.3 million, representing a year-on-year increase of 16.3%. The increase was primarily because of the increase in demand for advertising services.

- *Others.* Our revenue from other segments for the year ended December 31, 2024 amounted to approximately RMB266.2 million, representing a year-on-year increase of 13.3%. The increase was primarily due to the increase in revenue of our mobile phones distribution service following the optimization of our business strategies.

Cost of Sales

Our cost of sales increased by 18.6% from approximately RMB1,583.4 million for the year ended December 31, 2023 to approximately RMB1,877.6 million for the year ended December 31, 2024. The increase was primarily due to the increase in cost of inventories, which was in line with the increase in revenue from merchandise wholesale.

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margin by business segment for the periods indicated:

	For the year ended December 31,				
	2024		2023		
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Year-on- year change %
Unmanned retail business	882,922	44.9	931,561	45.8	(5.2)
Merchandise wholesale	10,896	2.0	11,049	3.8	(1.4)
Advertising and system support services	132,347	98.5	113,391	98.1	16.7
– Digital advertising services	120,803	98.5	99,734	97.9	21.1
– Operation system support	11,544	99.0	13,657	99.7	(15.5)
Others	15,102	5.7	32,668	13.9	(53.8)
Total	1,041,267	35.7	1,088,669	40.7	(4.4)

For the year ended December 31, 2024, we recorded a consolidated gross profit of approximately RMB1,041.3 million, representing a year-on-year decrease of 4.4%. Our consolidated gross profit margin for the year ended December 31, 2024 was 35.7%, representing a year-on-year decrease of 5.0 percentage points.

The above year-on-year changes in our gross profit and gross profit margin for the year ended December 31, 2024 were primarily due to the decrease in the gross profit margin of unmanned retail business and an increase in revenue contribution from merchandise wholesale and mobile device distribution services which typically recorded lower gross profit margin than other business segments.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 9.2% from approximately RMB1,125.7 million for the year ended December 31, 2023 to approximately RMB1,022.2 million for the year ended December 31, 2024. The decrease was primarily due to the decrease in (i) depreciation of fixed assets and right-of-use assets in 2024, (ii) POSs operation and development expenses, and (iii) amortization of share-based payment expenses.

General and Administrative Expenses

Our general and administrative expenses decreased by 42.0% from approximately RMB213.3 million for the year ended December 31, 2023 to approximately RMB123.8 million for the year ended December 31, 2024. The decrease was primarily due to the decrease in share-based compensation expenses and no listing expenses had been incurred for the year ended December 31, 2024.

Research and Development Expenses

Our research and development expenses decreased by 13.9% from approximately RMB29.0 million for the year ended December 31, 2023 to approximately RMB25.0 million for the year ended December 31, 2024. The decrease was primarily due to the decrease in employee benefit expenses as a result of the decrease in average headcount and number of research projects in 2024 and the decrease in amortization of share-based payment expenses.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets, which primarily comprised impairment losses on trade and other receivables, increased by 119.1% from approximately RMB5.3 million for the year ended December 31, 2023 to approximately RMB11.5 million for the year ended December 31, 2024. The increase was primarily due to the write-off of trade and other receivables which had been outstanding for a prolonged period and showed no prospect of recovery after various collection efforts.

Other Income

Our other income consists of (i) additional deduction of input value-added tax, (ii) interest income arising from other receivables and bank deposits, (iii) government grants, (iv) interest income from wealth management products, and (v) others. Our other income decreased by 31.6% from approximately RMB5.4 million for the year ended December 31, 2023 to approximately RMB3.7 million for the year ended December 31, 2024. The decrease was primarily due to the decrease in interest income.

Other Losses, Net

Our other net losses consist of (i) fair value changes on financial assets at fair value through profit or loss, (ii) impairment loss of goodwill, (iii) net losses on disposal of subsidiaries, (iv) net losses on disposal of property and equipment, (v) net foreign exchange gains/losses and (vi) others. Our other net losses increased by 94.4% from approximately RMB20.2 million for the year ended December 31, 2023 to approximately RMB39.3 million for the year ended December 31, 2024. The increase was primarily due to the fair value loss on financial assets at fair value through profit or loss and impairment loss on the goodwill relating to freshly brewed beverage vending machine business.

Finance Costs, Net

Our net finance costs consist of (i) interest income from bank deposits, (ii) interest expenses on lease liabilities and (iii) interest expenses on borrowings. Our net finance costs decreased by 73.0% from approximately RMB8.6 million for the year ended December 31, 2023 to approximately RMB2.3 million for the year ended December 31, 2024. The decrease was primarily due to the interest income from fixed deposits in 2024 while offset by the increase in finance costs.

Share of results of investments accounted for using the equity method

Our share of loss of investments accounted for using the equity method decreased by 44.0% from approximately RMB5.9 million for the year ended December 31, 2023 to approximately RMB3.3 million for the year ended December 31, 2024.

Impairment of investments accounted for using the equity method

Our impairment loss of investments accounted for using the equity method for the year ended December 31, 2024 amounted to approximately RMB9.4 million and no impairment loss of investments accounted for using the equity method was incurred for the year ended December 31, 2023. The impairment loss of investments accounted for using the equity method for the year ended December 31, 2024 was primarily due to the deteriorating performance of the associate companies.

Income Tax Expenses

Our income tax expenses increased by 245.2% from approximately RMB5.5 million for the year ended December 31, 2023 to approximately RMB18.9 million for the year ended December 31, 2024. The increase in the income tax expenses was primarily due to the reversal of certain temporary differences previously recognized.

Loss for the Year

As a result of the foregoing reasons, our net loss for the year decreased by 34.0% from approximately RMB319.5 million for the year ended December 31, 2023 to approximately RMB210.7 million for the year ended December 31, 2024.

Non-HKFRS Measure: adjusted net loss

To supplement our financial information which are presented in accordance with HKFRS, we use non-HKFRS measure, namely, adjusted net loss, as additional financial measure, which is not required by, or presented in accordance with, HKFRS. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss may not be comparable to similarly titled financial measure presented by other companies. The use of such non-HKFRS measure has limitations as analytical tools, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS.

We define adjusted net loss as loss for the year adjusted by adding (i) share-based compensation expenses, (ii) fair value changes on financial assets at fair value through profit or loss, (iii) impairment loss of goodwill, (iv) impairment of investments accounted for using the equity method and (v) listing expenses. We exclude these items because they were non-operating in nature, non-recurring or not indicative of our core operating results. Share-based compensation expenses were non-cash in nature and did not result in cash outflow. Fair value changes on financial assets at fair value through profit or loss were non-cash in nature and did not have direct correlation to the operation of our business. Impairment loss of goodwill and impairment loss of investments accounted for using the equity method were non-cash items and there were no direct correlation to the operation of our business. Listing expenses were mainly expenses related to the Global Offering and incurred for the purpose of the Listing.

Due to the update of industry equipment which results in the significant decrease in the value of the vending machines at present and in the future, we have not presented EBITDA and adjusted EBITDA (non-HKFRS measure) in this announcement as we are of the view that presentation of such information will no longer provide meaningful information to investors and others in understanding and evaluating our consolidated results of operations.

The following table sets out adjusted net loss (non-HKFRS measure) and a reconciliation from loss for the year to adjusted net loss (non-HKFRS measure) for the periods indicated.

	For the year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(210,738)	(319,473)
Add		
Share-based compensation expenses	44,154	84,026
Fair value changes on financial assets at fair value through profit or loss	21,100	800
Impairment loss of goodwill	20,775	–
Impairment of investments accounted for using the equity method	9,351	–
Listing expenses	–	32,253
Adjusted net loss (non-HKFRS measure)	<u>(115,358)</u>	<u>(202,394)</u>

For the year ended December 31, 2024, our adjusted net loss (non-HKFRS measure) amounted to approximately RMB115.4 million, representing a decrease of approximately RMB87.0 million or 43.0% as compared with approximately RMB202.4 million for the year ended December 31, 2023, which was mainly due to the improvement in operating results in 2024.

Liquidity and Capital Resources

We have maintained a comprehensive treasury policy, detailing specific functions and internal control measures for capital use. These functions and measures include but are not limited to procedures of capital management and liquidity management. We manage and maintain our liquidity through the use of internally generated cash flows from operations, bank borrowings and proceeds from the Global Offering. We regularly review our major funding positions to ensure that we have adequate financial resources in meeting our financial obligations.

For the year ended December 31, 2024, we funded our working capital and other capital expenditure requirements through a combination of income generated from our business operations, bank borrowings and capital contributions from our shareholders. The following table sets forth a summary of our cash flows for the periods indicated.

	For the year ended	
	December 31,	
	2024	2023
	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	(23,131)	106,618
Net cash generated from/(used in) investing activities	17,633	(53,765)
Net cash (used in)/generated from financing activities	(11,854)	169,086
Net (decrease)/increase in cash and cash equivalents	(17,352)	221,939
Cash and cash equivalents at the beginning of the year	347,563	128,178
Effects of exchange rate changes on cash and cash equivalents	3,200	(2,554)
Cash and cash equivalents at the end of the year	333,411	347,563

Cash and cash equivalents

For the year ended December 31, 2024, our net cash used in operating activities was approximately RMB23.1 million, which was primarily attributable to our loss before income tax of approximately RMB191.8 million, as adjusted by (i) positive movement of operating cash flow before movements in working capital, which primarily comprised depreciation of property and equipment of approximately RMB83.7 million, share-based compensation expenses of approximately RMB44.2 million, fair value changes on financial assets at fair value through profit or loss of approximately RMB21.1 million and impairment of intangible assets of approximately RMB20.8 million, (ii) changes in working capital, (iii) interest received, and (iv) income taxes paid.

For the year ended December 31, 2024, our net cash generated from investing activities was approximately RMB17.6 million, which was primarily attributable to repayment of advances to business partners of approximately RMB20.0 million as adjusted by advances to business partners of approximately RMB2.0 million and payments for purchase of property and equipment of approximately RMB1.4 million.

For the year ended December 31, 2024, our net cash used in financing activities was approximately RMB11.9 million, primarily attributable to (i) repayments of bank and other borrowings of approximately RMB108.5 million, (ii) principal elements and interest element of lease payments of approximately RMB22.5 million, and as adjusted by (iii) proceeds from bank borrowings of approximately RMB124.6 million.

As a result of the foregoing, our cash and cash equivalents, which were mainly held in RMB as of December 31, 2024, decreased by 4.1% from approximately RMB347.6 million as of December 31, 2023 to approximately RMB333.4 million as of December 31, 2024.

Our presentation and functional currency were RMB. During the Reporting Period, we conducted business in mainland China, and most of our transactions were settled in RMB, which is exposed to foreign exchange risk with respect to transactions denominated in currencies other than RMB. The majority of our non-RMB assets are bank deposits denominated in Hong Kong Dollars. We managed our foreign exchange risk by regularly reviewing net foreign exchange exposures, and conducted risk management. During the Reporting Period, the Group had not entered into any derivative instruments to hedge its foreign exchange exposures. The management of the Group continued to pay attention to the market environment and the Group's own foreign exchange risk profile, and considered to taking appropriate hedging measures when necessary.

Indebtedness

As of December 31, 2024, our bank and other borrowings amounted to approximately RMB107.2 million, which were at fixed interest rates. Such bank and other borrowings were all denominated in RMB. As of December 31, 2024, the weighted average interest rate of short-term bank borrowings was 4.32%, and the weighted average interest rate of long-term bank borrowings was 4.46%. As of December 31, 2024, the banking facilities utilized amounted to approximately RMB87.9 million. We recognized total lease liabilities of RMB19.3 million as of December 31, 2024.

Gearing ratio

The Group monitored capital on the basis of the gearing ratio. That ratio is calculated using total debt divided by total equity and multiplied by 100%. As of December 31, 2024, the total debt was approximately RMB129.5 million, total equity was approximately RMB805.9 million, the gearing ratio was 16.1% (December 31, 2023: 11.1%).

Capital Expenditures

During the Reporting Period, our capital expenditures primarily consisted of payments for purchase of property and equipment, and payments for purchase of intangible assets. The following table sets forth our capital expenditures for the periods indicated:

	For the year ended	
	December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Payments for purchase of property and equipment	1,357	49,011
Payments for purchase of intangible assets	90	17,285
Total	<u>1,447</u>	<u>66,296</u>

Contingent Liabilities

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

Significant Investments and Future Plans for Material Investments or Capital Assets

As of December 31, 2024, we did not hold any significant investment. In addition, save for the expansion plans as disclosed in the sections headed “Business” and “Future Plans and Use of Proceeds” in the Prospectus, we have no future plans for material investments or capital assets.

Charges on Group Assets

As of December 31, 2024, vending machines of approximately RMB14.8 million were pledged as collateral for the Group’s bank borrowings (December 31, 2023: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, we did not conduct any material acquisitions or disposals of subsidiaries, associates and joint ventures.

FINAL DIVIDEND

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

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, May 28, 2025. A notice convening the annual general meeting of the Company will be published and despatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS AND ENTITLEMENT TO ATTEND AND VOTE AT THE AGM

For the purpose of ascertaining the members’ eligibility to attend and vote at the AGM, the Company’s register of members will be closed from Friday, May 23, 2025 to Wednesday, May 28, 2025, both days inclusive, during which period no transfer of share will be registered. The Shareholders whose names appear on the register of members of the Company on May 28, 2025 will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, unregistered holders of H Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, May 22, 2025.

COMPANY INFORMATION

The Company was a limited liability company incorporated in the PRC on March 1, 2012 and converted into a joint stock company with limited liability on September 10, 2015, and the H Shares were listed on the Main Board of the Stock Exchange on November 3, 2023.

EMPLOYEES AND REMUNERATION POLICY

As of December 31, 2024, the Group had employed a total of 1,128 employees (December 31, 2023: 1,012 employees). For the year ended December 31, 2024, the Group's employee benefit expenses was approximately RMB165.5 million (2023: approximately RMB169.3 million).

The Group hires and promotes our staff based on their personal on-the-job performance and development potential. The remuneration of our employees is determined with reference to market conditions and individual employees' performance, qualification and experience. In line with the performance of us and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and benefit plans. We also organize various training programs on a regular basis for our employees to enhance their professional knowledge, improve time management skills and communications skills, and strengthen their team spirit.

With a view to incentivizing our management members and core employees to further promote our development and in recognition of their contributions, our Company adopted the 2020 Incentive Scheme in 2020 and Shenzhen Youhui Investment Center (Limited Partnership) (深圳友匯投資中心(有限合夥)) (“**Shenzhen Youhui**”) was established as the platform to hold Shares for the option grantees under the 2020 Incentive Scheme. As of December 31, 2024, Shenzhen Youhui held 5,438,106 Shares, representing approximately 0.7% of our total number of issued Shares as of December 31, 2024. For further information about the 2020 Incentive Scheme, see “Statutory and General Information – D. Share Incentive Scheme – 2. 2020 Incentive Scheme” in Appendix IV to the Prospectus.

Further, we adopted the Pre-IPO Incentive Scheme on May 31, 2021 to further refine the incentive system of our Company by linking the personal interests of our officers, directors and employees, and to attract technical and managerial talents in the industry to join our Company. As of December 31, 2024, the Company had granted share options to subscribe for an aggregate of 30,150,000 Unlisted Shares under the Pre-IPO Incentive Scheme, representing approximately 3.9% of our total number of issued Shares as of December 31, 2024. For further information about the Pre-IPO Incentive Scheme, see “Statutory and General Information – D. Share Incentive Scheme – 1. Pre-IPO Incentive Scheme” in Appendix IV to the Prospectus.

FULL CIRCULATION

Completion of 2024 First H Share Full Circulation

On October 31, 2024, the conversion of 65,112,950 Unlisted Shares (the “**Converted H Shares**”) was completed and the listing of the Converted H Shares on the Stock Exchange commenced on October 31, 2024.

For further details, please refer to the Company’s announcements dated May 23, 2024, June 5, 2024, September 2, 2024, September 4, 2024 and October 31, 2024.

Application of 2024 Second H Share Full Circulation

References are made to the announcements of the Company dated November 15, 2024, November 25, 2024 and January 8, 2025 in relation to the implementation of the H shares full circulation. On November 25, 2024, the Company submitted a filing application to the China Securities Regulatory Commission (the “**CSRC**”) in relation to the proposed implementation of the H share full circulation for the conversion of 76,319,674 Unlisted Shares of the Company into H Shares on a one-for-one basis, which can be listed and traded on the Main Board of the Stock Exchange upon completion of the conversion. On January 8, 2025, the Company revised its filing application with the CSRC upon receipt of a withdrawal request from a Shareholder. Accordingly, the revised filing application would request for the conversion of an aggregate of 35,647,744 Unlisted Shares into H Shares on a one-for-one basis (the “**2024 Second H Share Full Circulation**”).

As of the date of this announcement, the 2024 Second H Share Full Circulation has not been completed. The Company will make further announcement(s) on the progress of the 2024 Second H Share Full Circulation in compliance with the Listing Rules and/or Inside Information Provisions as and when appropriate.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On March 14, 2025, a total of 51,635,500 new H Shares (the “**Placing Shares**”) have been successfully placed under the general mandate by the placing agent to not less than six placees at the placing price of HK\$3.01 per Placing Share pursuant to the terms and conditions of the placing agreement dated March 7, 2025. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the placees and their respective ultimate beneficial owners are Independent Third Parties as of the date of completion.

The aggregate of 51,635,500 new H Shares represents approximately 6.85% of the number of H Shares in issue as enlarged by the allotment and issue of the Placing Shares and approximately 6.21% of the number of Shares in issue as enlarged by the allotment and issue of the Placing Shares. The gross proceeds and net proceeds from the placing were approximately HK\$155.4 million and HK\$149.2 million, respectively. The Company intends to allocate (i) approximately 60% of the net proceeds for acquisition of fixed assets, including but not limited to vending machines; and (ii) approximately 40% of the net proceeds for working capital and other general corporate purposes. For further details, please refer to the Company’s announcements dated March 14 and March 7, 2025.

Save as disclosed, there is no material event subsequent to December 31, 2024 which could have a material impact on our operating and financial performance as of the date of this announcement.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Stock Exchange on November 3, 2023. The net proceeds from the Global Offering amounted to approximately HK\$154.9 million. The net proceeds from the Global Offering (adjusted on a pro rata basis based on the actual net proceeds) will be utilized in accordance with the intended use of the proceeds set out in the Prospectus. The following table sets forth the status of the use of net proceeds from the Global Offering⁽¹⁾:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the initial public offering (In HK\$ millions)	Actual usage between the Listing Date and December 31, 2023 (In HK\$ millions)	Actual usage during the year ended December 31, 2024 (In HK\$ millions)	Unutilized net proceeds as of December 31, 2024 (In HK\$ millions)	Timeframe for the unused balance
Implementing our expansion initiatives	80.0	123.9	0	82.9	41.0	By December 31, 2025
Further developing our operation network	5.0	7.7	0	2.1	5.6	By December 31, 2025
Enhancing our technologies	7.0	10.8	0	7.3	3.5	By December 31, 2025
Hardware upgrade	1.5	2.3	0	1.1	1.2	By December 31, 2025
Software enhancement	4.0	6.2	0	6.2	–	N/A
Recruiting talents	1.5	2.3	0	–	2.3	By December 31, 2025
Working capital and other general corporate purposes	8.0	12.4	0	12.4	–	N/A
Total	100.0	154.9	0	104.7	50.2	By December 31, 2025

Note:

- (1) The figures in the table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

As of the date of this announcement, the Board is aware that there has been a delay in the use of proceeds from the Listing when compared to the implementation plan as disclosed in the Prospectus, which is primarily because of the process of foreign exchange registration and filing, which was completed in January 2024. We currently have no intention to change the use of the unutilized net proceeds and have been actively monitoring the market environment for appropriate timing to implement our plans. It is currently expected that the unutilized net proceeds will be fully utilized by December 31, 2025, subject to changes in market conditions and policies and the timing when appropriate opportunities arise in the industry.

To the extent that the net proceeds from the Global Offering are not immediately applied for the above purposes and to the extent permitted by the relevant law and regulations, we intend to deposit those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions in Hong Kong and mainland China (as defined under the SFO, the Law of the People's Republic of China on Commercial Banks (中華人民共和國商業銀行法) and other relevant PRC Law). We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

BUSINESS OUTLOOK

As a leading vending machine operator in mainland China, we strive to deepen the penetration rate of unmanned retail industry in mainland China by virtue of the optimisation of operating efficiency and continuous breakthroughs in logistics and inventory management and digitalisation. At the same time, relying on continuously upgrading vending machines, optimizing algorithms and enhancing the intelligent systems, our revenue level from POSs has significantly increased. In the future, we plan to consolidate and enhance the advantage to further expand our POS network and improve our profitability through more efficient operation management and technological innovation.

Looking forward, we will rely on continuous improvement of professional and digitalised operation capabilities to attract more unmanned retail market participants to join and promote the continued expansion of market share. For operators who already operate vending machines, we not only welcome them to join as our merchandise wholesale customers, but also provide them with more comprehensive merchandise supply and operation services through advanced equipment and technology and operation empowerment, thereby helping operators to overcome the bottlenecks in traditional operation model and significantly improve operation efficiency. Meanwhile, we plan to promote the penetration of unmanned retail business into small and mid-sized enterprises. Leveraging our strong supply chain system and advanced equipment, we help customers to achieve wide popularisation of unmanned retail equipment which improve their operation efficiency and profitability.

For consumption scenario innovation, we will promote unmanned karaoke project and create a new entertainment consumption scenario through combination of community karaoke and intelligent vending machines. This will further enrich our business offerings and provide consumers with more diversified and customised consumption experience, thereby enhancing our competitiveness in the community and consolidating our market position.

In addition, we will rely on artificial intelligence and big data technologies to optimise operation strategies and algorithms, precisely analyse consumer needs and refine merchandise mix and restocking strategies. Thus, we could increase our gross profit margin and revenue level, and further enhance consumer satisfaction and operation efficiency. Also, we will continue to upgrade and optimise our hardware equipment and increase the equipment intelligence and their versatility to ensure the adaptability of the equipment to a wide range of consumption scenarios.

Looking forward, leveraging our strong technological advantages, comprehensive digitalised system and extensive cooperation network, we will continuously increase market competitiveness, promote the continuing development of unmanned retail industry and create greater long-term values for investors, business partners and consumers.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

		Year ended December 31,	
	<i>Note</i>	2024	2023
		RMB'000	RMB'000
Revenue	4	2,918,867	2,672,020
Cost of sales	5	(1,877,600)	(1,583,351)
Gross profit		1,041,267	1,088,669
Selling and marketing expenses	5	(1,022,191)	(1,125,705)
General and administrative expenses	5	(123,754)	(213,304)
Research and development expenses	5	(24,980)	(29,017)
Net impairment losses on financial assets		(11,524)	(5,259)
Other income	6	3,693	5,398
Other losses, net	7	(39,344)	(20,239)
Operating loss		(176,833)	(299,457)
Finance costs, net	8	(2,325)	(8,601)
Share of results of investments accounted for using the equity method		(3,329)	(5,940)
Impairment of investments accounted for using the equity method		(9,351)	–
Loss before income tax		(191,838)	(313,998)
Income tax expense	9	(18,900)	(5,475)
Loss for the year		(210,738)	(319,473)
Loss for the year attributable to:			
– Owners of the Company		(197,276)	(327,295)
– Non-controlling interests		(13,462)	7,822
Total comprehensive loss for the year		(210,738)	(319,473)
Total comprehensive loss for the year attributable to:			
– Owners of the Company		(197,276)	(327,295)
– Non-controlling interests		(13,462)	7,822
		(210,738)	(319,473)
Loss per share for loss attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted	10	(0.25)	(0.43)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
	Note	2024	2023
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property and equipment		248,942	132,430
Right-of-use assets		19,371	203,626
Intangible assets		67,406	104,809
Investments accounted for using the equity method		44,082	56,762
Financial assets at fair value through profit or loss		14,200	35,300
Prepayments, deposits and other receivables	13	148,800	167,298
Deferred income tax assets		20,169	40,103
Total non-current assets		562,970	740,328
Current assets			
Inventories	12	167,328	174,903
Trade receivables	13	52,815	34,927
Prepayments, deposits and other receivables	13	157,107	214,848
Restricted cash		13,574	89
Cash and cash equivalents		333,411	347,563
Total current assets		724,235	772,330
Total assets		1,287,205	1,512,658
EQUITY			
Share capital	14	779,835	779,835
Reserves		2,082,519	2,038,365
Accumulated losses		(2,067,264)	(1,869,988)
Equity attributable to owners of the Company		795,090	948,212
Non-controlling interests		10,814	23,723
Total equity		805,904	971,935

		As at December 31,	
	<i>Note</i>	2024	2023
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		10,071	11,193
Deferred income tax liabilities		–	2,450
Borrowings		4,602	–
Total non-current liabilities		14,673	13,643
Current liabilities			
Lease liabilities		12,267	17,340
Trade payables	15	147,969	185,444
Other payables and accruals	16	176,518	199,351
Contract liabilities	4	25,313	41,405
Current income tax liabilities		1,981	4,490
Borrowings		102,580	79,050
Total current liabilities		466,628	527,080
Total liabilities		481,301	540,723
Total equity and liabilities		1,287,205	1,512,658

NOTES

1 GENERAL INFORMATION

Beijing UBOX Online Technology Corp. (北京友寶在線科技股份有限公司) (the “**Company**”), formerly known as Beijing UBOX Technology & Trade Company Limited (北京友博科斯科貿有限公司), was incorporated in the People’s Republic of China (the “**PRC**”) as a wholly foreign-owned limited liability company on March 1, 2012 and converted into a joint stock company with limited liability on September 10, 2015. The address of the Company’s registered office is Room 128, Yunkai Real Estate Office Building, No. 8 Kangbao Road, Economic Development Zone, Miyun District, Beijing, the PRC. The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since November 3, 2023 (the “**Listing Date**”).

The Company and its subsidiaries (collectively the “**Group**”) are primarily engaged in the unmanned retail business, merchandise wholesale, advertising and system support services and others.

The financial statements for the year ended December 31, 2024 are presented in Renminbi (“**RMB**”), unless otherwise stated, and have been approved for issue by the Board of Directors on March 31, 2025.

2 BASIS OF PREPARATION

2.1 Compliance with HKFRS and the disclosure requirements of HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) as issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

2.2 Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

2.3 New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing January 1, 2024:

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

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2.4 New and amended standards and interpretations not yet adopted

Certain amendments to accounting standards and interpretation have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

	Effective for annual periods beginning on or after
Amendments to HKAS 21 – Lack of Exchangeability	January 1, 2025
Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	January 1, 2026
HKFRS 18, Presentation and Disclosure in Financial Statements, and HK Interpretation 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2027
HKFRS 19, Subsidiaries without Public Accountability: Disclosures	January 1, 2027

3 SEGMENT INFORMATION

(a) Description of segments and principal activities

The Group's chief operating decision-maker ("CODM") has been identified as executive directors of the Company. The executive directors review the Group's internal report which is prepared based on a number of factors, including but not limited to customer base, homogeneity of products and technology, in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group has identified the following operating segments:

- Unmanned retail business consists of sales of fast-moving consumer goods such as food and beverage to end customers through a network of vending machines located at the POSs developed by the Group or POSs partners.
- Merchandise wholesale consist of merchandise wholesale to the customers.
- Advertising and system support services consist of provision of (i) merchandise display advertising services, and (ii) revenue derived from fees charged to the Group's Non-Ubox POSs operators for using its operation system.
- Others consist of provision of (i) mobile device distribution services, (ii) vending machine sales and leases and (iii) others.

The CODM assesses the performance of the operating segments based on the revenue and gross profit of each segment. The selling and marketing expenses, general and administrative expenses, research and development expenses and net impairment losses on financial assets are managed centrally at group level and therefore not included in the measure of the segments' performance. Other income, other losses, net, finance costs, net and share of results of investments accounted for using the equity method, impairment of investments accounted for using the equity method and income tax expense are also not allocated to individual operating segment. There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources or to evaluate the performance of the operating segments.

Substantially all of the businesses of the Group are carried out in the PRC. Accordingly, no geographic information is presented.

(b) Segment information

There were no material inter-segment sales during the years ended December 31, 2024 and 2023. The revenue for external customers reports to the CODM are measured in a manner consistent with that applied in the consolidated of comprehensive loss.

The segment information for the years ended December 31, 2024 and 2023 are as follows:

	Year ended December 31, 2024				
	Unmanned retail business RMB'000	Merchandise wholesale RMB'000	Advertising and system support services RMB'000	Others RMB'000	Total RMB'000
Revenue from external customer	1,965,459	552,819	134,340	266,249	2,918,867
Cost of sales	(1,082,537)	(541,923)	(1,993)	(251,147)	(1,877,600)
Gross profit	882,922	10,896	132,347	15,102	1,041,267
	Year ended December 31, 2023				
	Unmanned retail business RMB'000	Merchandise wholesale RMB'000	Advertising and system support services RMB'000	Others RMB'000	Total RMB'000
Revenue from external customer	2,034,322	287,214	115,556	234,928	2,672,020
Cost of sales	(1,102,761)	(276,165)	(2,165)	(202,260)	(1,583,351)
Gross profit	931,561	11,049	113,391	32,668	1,088,669

The segment of “vending machine sales and leases” was reclassified to present in segment of “others” for the year ended December 31, 2024, and accordingly the classification of segment has been adjusted retrospectively for the year ended December 31, 2023 to conform with the current year presentation.

4 REVENUE

Revenue is stated net of value-added tax (“VAT”) in the PRC and comprises the following:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Unmanned retail business	1,965,459	2,034,322
– Direct operation model	322,437	204,866
– Partner model	1,643,022	1,829,456
Merchandise wholesale	552,819	287,214
Advertising and system support services	134,340	115,556
Others	266,249	234,928
	2,918,867	2,672,020

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Timing of revenue recognition		
At a point in time		
– Unmanned retail business	1,965,459	2,034,322
– Merchandise wholesale	552,819	287,214
– Advertising and system support services	31,018	22,022
– Others	242,954	204,220
Over time		
– Advertising and system support services	103,322	93,534
– Others	13,038	19,652
Lease income from vending machine leases	10,257	10,647
Lease income from others	–	409
	2,918,867	2,672,020

There was no individual customer contributing over 10% of the total revenue for the years ended December 31, 2024 and 2023.

(a) Liabilities related to contracts with customers

The Group has recognized the following liabilities related to contracts with customers:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Contract liabilities	25,313	41,405

Contract liabilities of the Group mainly arise from the non-refundable advance payments made by customers while the underlying services or goods are yet to be provided or delivered.

The following table shows how much of the revenue is recognized during the years ended December 31, 2024 and 2023 relates to carried-forward contract liabilities.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year	21,755	5,854

All contracts are for periods of one year or less or are billed based on time incurred. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5 EXPENSES BY NATURE

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Cost of inventories sold	1,840,861	1,555,461
POs operation and development expenses	545,212	571,565
Logistics and transportation expenses	190,561	176,580
Employee benefit expenses (excluding share-based compensation expenses)	165,469	169,331
Depreciation of property and equipment	83,708	144,786
Share-based compensation expenses	44,154	84,026
Depreciation of right-of-use assets	17,975	94,491
Repair and maintenance expenditures	17,401	2,270
Amortization of intangible assets	16,718	15,357
Short-term and low-value leases expenses	15,031	23,607
Office expenses	14,848	12,762
Bank and payment charges	12,298	14,797
Technical service fees	10,538	–
Taxes and surcharges	9,361	8,670
Inventories written-off	7,730	–
Traveling and entertainment expenses	6,428	6,649
Auditor's remuneration		
– Audit services	3,100	3,500
– Non-audit services	500	–
Listing expenses	–	32,253
Others	46,632	35,272
Total cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses	3,048,525	2,951,377

- (a) During the year ended December 31, 2024, the Group incurred expenses for the purpose of research and development of approximately RMB24,980,000 (2023: RMB29,017,000), which included employee benefit expenses of RMB17,357,000 (2023: RMB18,588,000). During the years ended December 31, 2024 and 2023, no research and development expenses had been capitalized as intangible assets.

6 OTHER INCOME

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Government grants	3,222	1,515
Interest income arising from other receivables and bank deposits	337	2,974
Interest income from wealth management products	–	152
Additional deduction of input value-added tax	68	669
Others	66	88
	<u>3,693</u>	<u>5,398</u>

7 OTHER LOSSES, NET

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Fair value changes on financial assets at fair value through profit or loss	(21,100)	(800)
Impairment loss of goodwill	(20,775)	–
Net losses on disposal of subsidiaries	(703)	(4,874)
Net losses on disposal of property and equipment	(650)	(13,385)
Net foreign exchange gains/(losses)	3,200	(2,336)
Others	684	1,156
	<u>(39,344)</u>	<u>(20,239)</u>

8 FINANCE COSTS, NET

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	<u>4,098</u>	<u>–</u>
Finance costs		
Interest expenses on borrowings	(4,958)	(5,458)
Interest expenses on lease liabilities	<u>(1,465)</u>	<u>(3,143)</u>
	<u>(6,423)</u>	<u>(8,601)</u>
Finance cost, net	<u>(2,325)</u>	<u>(8,601)</u>

9 INCOME TAX EXPENSE

	Year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	1,416	8,513
Deferred income tax	17,484	(3,038)
Income tax expense	18,900	5,475

(a) PRC corporate income tax (“CIT”)

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the years ended December 31, 2024 and 2023.

The Company was qualified as a “High and New Technology Enterprise” (“HNTe”) in December 2017, and renewed the qualification in December 2023. As a result, it is subject to a preferential CIT rate of 15% for the years ended December 31, 2024 and 2023.

Shenzhen Youbaokesi Technology Co., Ltd. was qualified as a HNTe in December 2016, and renewed this qualification in December 2019 and December 2022. As a result, it is subject to a preferential CIT rate of 15% for the years ended December 31, 2024 and 2023.

Save as aforesaid, the Company and other major subsidiaries were subject to CIT at a rate of 25%.

(b) Research and development super deduction

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that was effective from 2023 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses from incurred October 1, 2022 to December 31, 2024 as tax deductible expenses.

10 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the years ended December 31, 2024 and 2023, excluding treasury shares.

	Year ended December 31,	
	2024	2023
Loss attributable to owners of the Company (<i>RMB'000</i>)	(197,276)	(327,295)
Weighted average number of ordinary shares outstanding (<i>thousand</i>)	779,835	760,908
Basic loss per share (<i>RMB</i>)	(0.25)	(0.43)

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares.

As the Group incurred loss for the year ended December 31, 2024 and 2023, respectively, the impact of share options was not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2024 and 2023 is the same as basic loss per share for the respective year.

11 DIVIDENDS

No dividends have been paid or declared to the shareholders of the Company for the years ended December 31, 2024 and 2023.

12 INVENTORIES

	As at December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	40,591	55,081
Merchandise	105,932	91,942
Machines held for sale	26,885	34,608
Less: provision for impairment	(6,080)	(6,728)
	167,328	174,903

13 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Trade receivables	63,514	42,301
Less: Allowance for impairment	(10,699)	(7,374)
Trade receivables, net (a)	52,815	34,927
Prepayments for purchase of machines	147,764	167,298
Prepayments for POSs expenses	25,224	22,290
Prepayments for purchase of inventories	21,413	52,508
Others	5,397	8,955
Prepayments	199,798	251,051
Advances to and receivables from business partners (i)	65,528	83,042
Deposits	34,430	39,339
Advances to staffs	15,432	11,876
Deductible input value-added tax	19,656	18,443
Amounts due from POSs partners (ii)	22,396	21,548
Others	11,541	19,397
Less: Allowance for impairment of deposits and other receivables	(62,874)	(62,550)
Deposits and other receivables, net	106,109	131,095
Trade receivables, prepayments, deposits and other receivables	358,722	417,073
Less: Non-current portion		
– Prepayments and other receivables	(148,800)	(167,298)
Current portion	209,922	249,775

- (i) As at December 31, 2024, except for an advance to an associate amounting to RMB4,000,000 (2023: RMB8,000,000) was interest-bearing at interest rate of 5% (2023: 2.25%) per annum and due within one year, other advances to and receivables from business partners were interest-free, unsecured and repayable on demand.
- (ii) Amounts due from POSs partners represent advanced costs for developing POSs paid by the Group, which would be deducted from their share of income and typically to be settled on a monthly basis.

(a) **Trade receivables**

Trade receivables mainly arise from unmanned retail business, advertising and system support services and sales of vending machines. Customers are generally granted credit terms of 30 to 180 days. The aging analysis of trade receivables based on services delivery date or invoice date is as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
0 to 3 months	50,331	25,960
3 to 6 months	2,763	5,289
6 to 12 months	384	1,280
1 to 2 years	1,915	3,992
2 to 3 years	3,101	1,844
3 to 4 years	1,528	1,524
Over 4 years	3,492	2,412
	63,514	42,301

14 SHARE CAPITAL

	Number of ordinary shares	Share capital RMB'000
Issued and fully paid		
As at January 1, 2023	757,258,933	757,259
Issuance of ordinary shares	22,576,500	22,576
As at December 31, 2023	779,835,433	779,835
As at January 1, 2024 and December 31, 2024	779,835,433	779,835

15 TRADE PAYABLES

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

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
0 to 3 months	143,998	179,219
3 to 6 months	118	141
6 to 12 months	304	1,885
1 to 2 years	1,058	2,547
2 to 3 years	1,445	912
Over 3 years	1,046	740
	147,969	185,444

16 OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Accrued and payments of POSs operation expenses	62,034	78,273
Deposits from POS partners	40,622	44,302
Salaries, wages and bonuses payable	30,787	30,669
Accrued liabilities (i)	14,996	—
Other taxes payable	5,777	8,206
Listing expenses payable	3,226	18,755
Professional service fees payable	3,100	3,500
Others	15,976	15,646
	176,518	199,351

- (i) As of December 31, 2024, there were certain claims pending in the courts and arbitrations, or otherwise unsolved, the accrued liabilities mainly represented provision for an unsettled claim with a supplier.

17 CONTINGENT LIABILITIES

On October 16, 2024, the Company received a notice of arbitration filed by Guangzhou Fuyu Intelligent Technology Co., Ltd. (“**Guangzhou Fuyu**”), the non-controlling shareholder of a subsidiary of the Company, namely Shenzhen Youfu Sharing Trading Co., Ltd. (“**Shenzhen Youfu**”), against the Company, which alleged that the Company failed to acquire 49% of the issued share capital of Shenzhen Youfu held by Guangzhou Fuyu in accordance with the terms of the investment agreement entered into between the Guangzhou Fuyu and the Company on June 15, 2021. Accordingly, Guangzhou Fuyu claimed against the Company for acquisition consideration at an amount of approximately RMB145.1 million, default interest on the consideration, legal costs and other costs incurred for the arbitration proceeding.

The arbitration is currently not yet concluded. The directors of the Company, after taking into consideration of the opinion from its legal counsel, are of the view that the Group has reasonable ground to defend the claim. Therefore, the Group has not made any provision as at December 31, 2024.

18 SUBSEQUENT EVENTS

On March 14, 2025, the Company completed the allotment and issue of 51,635,500 H shares to certain institutional professional investors at the price of HKD3.01 per share (the “**Placing**”), which accounted for 6.21% of the number of shares in issue of the Company upon completion of the Placing. The net proceeds from the Placing amounted to approximately HKD149.2 million.

OTHER INFORMATION

Purchase, Sale or Redemption of the Securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Compliance with the Corporate Governance Code

The Company is committed to maintaining sound corporate governance to guarantee the interests of its Shareholders and enhance the corporate value and accountability. The Company has adopted the principles and code provisions of the Corporate Governance Code as the basis of the corporate governance practice of the Company. The Company has complied with the code provisions of the Corporate Governance Code during the Reporting Period, except for the deviation as explained below.

Code Provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman of the Board and chief executive should be separate and should not be performed by the same individual. The roles of chairman of the Board and chief executive officer of the Company are held by Mr. Wang Bin. In view of Mr. Wang Bin's experience, personal profile and his roles in the Group, and the fact that Mr. Wang Bin has been the principal founder of the Company, the Board considers it beneficial to the business prospect and operational efficiency of the Group that Mr. Wang Bin acts as the chairman of the Board and continues to act as the chief executive officer of the Company.

While this will constitute a deviation from the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors; (ii) Mr. Wang Bin and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

Compliance with the Model Code

The Company adopts the Model Code as its code of conduct for securities transactions by the Directors and Supervisors. After making the specific enquiries to all the Directors and Supervisors, each of the Directors and Supervisors has confirmed that they have complied with the standards set out in the Model Code throughout the Reporting Period.

Audit Committee and Review of Financial Information

The Audit Committee comprises Ms. Guo Wei, Mr. Zhang Changhao and Mr. Zhang Chen, our independent non-executive Directors. The Company's audited annual results for the year ended December 31, 2024 have been reviewed by the Audit Committee. The Audit Committee considered that the preparation of the relevant financial statements has complied with the accounting standards and requirements used and that adequate disclosure has been made. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group, and the selection and appointment of external accountants.

The Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. As of the date of this announcement, the Audit Committee consists of three members, namely Ms. Guo Wei, Mr. Zhang Changhao and Mr. Zhang Chen. Ms. Guo Wei, being the chairman of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process, review and oversee the existing and potential risks of our Group and perform other duties and responsibilities as assigned by our Board.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended December 31, 2024. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company with senior management members and the Company's auditor, PricewaterhouseCoopers, Certified Public Accountants, and discussed matters with respect to internal controls with senior management members. Based on this review and discussions with the management and PricewaterhouseCoopers, the Audit Committee was satisfied that the Group's consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended December 31, 2024.

Scope of work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated statement of comprehensive loss, consolidated statement of financial position and the related notes thereto for the year ended December 31, 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

Publication of the Annual Results and Annual Report

This annual results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.uboxol.com). The annual report for the Company for the year ended December 31, 2024 containing all information required by the Listing Rules will also be despatched to the Shareholders in due course (if requested) and will be published on the above websites.

DEFINITIONS

In this announcement, the following terms shall have the following meanings, except otherwise stated:

“2020 Incentive Scheme”	our share incentive scheme adopted in 2020, the details of which are set out in “History and Development – 2020 Incentive Scheme and Pre-IPO Incentive Scheme” in the Prospectus
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China
“Company,” “our Company” or “the Company”	Beijing UBOX Online Technology Corp. 北京友寶在線科技股份有限公司, a limited liability company incorporated in the PRC on March 1, 2012 and converted into a joint stock company with limited liability on September 10, 2015
“Corporate Governance Code”	Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“FMCG”	fast-moving consumer goods
“GMV”	gross merchandise value, the total value (inclusive of value-added tax) of all merchandise sold at Ubox POSs under our unmanned retail business
“Global Offering”	the global offering of the Shares in connection with the Listing
“Group”, “our Group”, “we”, “our” or “us”	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“HK\$”, “Hong Kong dollars”, “HK dollars” or “cents”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	overseas listed foreign Shares in the share capital of our Company with a nominal value of RMB1.0 each, which are traded in HK dollars and are listed on the Stock Exchange
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	November 3, 2023, on which the H Shares were listed on the Stock Exchange and from which dealings in the H Shares were permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“mainland China”	the People’s Republic of China excluding Hong Kong, Macau Special Administrative Region and Taiwan region
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“merchandise wholesale customer(s)”	primarily being vending machine operator(s) that purchase(s) merchandise from us on a wholesale basis
“Non-Ubox POS(s)”	POS(s) that are connected to our operation system and are operated by Non-Ubox POS operators
“Non-Ubox POS operator(s)”	third-party operators who operate Non-Ubox POSs
“Pre-IPO Incentive Scheme”	our share incentive scheme adopted on May 31, 2021, the details of which are set out in “Statutory and General Information – D. Share Incentive Scheme – 1. Pre-IPO Incentive Scheme” in Appendix IV to the Prospectus
“Prospectus”	the prospectus of the Company dated October 24, 2023
“POS(s)”	point(s) of sale for vending machine(s)
“POS network”	comprising Ubox POSs and Non-Ubox POSs

“POS partner(s)”	individual(s) and entity(ies) who assist(s) with sourcing and establishing POSs
“PRC Law”	the laws and regulations of the PRC, without reference to the laws and regulations of Hong Kong and Macao Special Administrative Region and the relevant regulations of Taiwan region
“restaurant model partner(s)”	POS partner(s) who assist(s) with the operation of POSs at restaurants and, to a lesser extent and on a case-by-case basis, certain other types of locations such as gyms and cinemas, and is/are entitled to keep the difference between the transaction GMV and a predetermined merchandise price agreed with us, which is different from our profit sharing and fees arrangement with other POS partners
“Reporting Period”	the year ended December 31, 2024
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO” or “Securities and Future Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) in the capital of our Company with nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Ubox POS(s)”	POS(s) operated by us under our direct operation model and partner model

“Unlisted Shares” ordinary Shares in the share capital of our Company with a nominal value of RMB1.0 each, which are not listed in any stock exchange

“%” per cent

By order of the Board
Beijing UBOX Online Technology Corp.
Wang Bin
Chairman & Executive Director

Hong Kong, March 31, 2025

As at the date of this announcement, the Company’s executive Directors are Mr. Wang Bin, Mr. Yu Lizhi, Ms. Cui Yan and Mr. Chao Hua, non-executive Directors are Mr. Zhu Chao and Ms. An Yufang, and independent non-executive Directors are Ms. Guo Wei, Mr. Zhang Chen and Mr. Zhang Changhao.