Qunabox Group Limited
趣致集團
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0917)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

INTERIM RESULTS HIGHLIGHTS

	Six months ended June 30,		
	2024	2023	**Year-on-year change**
	RMB'000	*RMB'000*	*%*
	(Unaudited)	(Unaudited)	
Revenue	**515,117**	363,592	41.7
– Marketing services	**411,759**	291,840	41.1
– Merchandise sales	**78,449**	52,705	48.8
– Other services	**24,909**	19,047	30.8
Gross profit	**281,424**	194,108	45.0
Adjusted profit (a non-IFRS measure)[1]	**80,269**	53,949	48.8
Adjusted EBITDA (a non-IFRS measure)[2]	**121,416**	89,360	35.9

Notes:

(1) Adjusted profit (a non-IFRS measure) is defined as profit or loss for the period by adding back the effects of (i) fair value loss on financial liabilities at FVTPL; (ii) share incentive plan expense; and (iii) listing expenses. Fair value losses on financial liabilities at FVTPL represent fair value losses relating to convertible redeemable preferred shares issued in our equity financings.

(2) Adjusted EBITDA (a non-IFRS measure) is defined as adjusted profit (a non-IFRS measure) for the period by adding back the effects of income tax expense, finance costs, bank interest income, and depreciation and amortization charges.

The board (the "**Board**") of directors (the "**Director(s)**") of Qunabox Group Limited (趣致集團) (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**", "**our**", "**we**" or "**us**") for the six months ended June 30, 2024 (the "**Reporting Period**"). The contents of this interim results announcement have been prepared in accordance with applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in relation to preliminary announcements of interim results.

MANAGEMENT DISCUSSION AND ANALYSIS

Performance Review

In the first half of 2024, driven by the effective implementation of various macro policies, China's economy experienced steady growth, with gross domestic product (GDP) increasing by 5.0% year-on-year at constant prices. Domestic consumption demand in China continued to recover, leading to a steady expansion in the overall size of the consumption market. However, the competitive landscape of the consumption market is rapidly evolving due to shifts in post-pandemic consumer attitudes towards consumption and product preferences, and competition among consumer goods brands is becoming increasingly fierce, which in turn has injected new momentum into the marketing industry that serves such brands. In addition, as artificial intelligence (AI) technology rapidly advances and becomes more popular, it is demonstrating significant potential in interactive marketing and customized marketing services. Consequently, an increasing number of brands and consumers are looking forward to the integration of AI into marketing activities and everyday life. Market demand for these technologies is currently in a phase of rapid ascension.

As China's leading AI interactive marketing service provider, the Group has consistently embraced the mission to "simplify brand incubation and deliver unparalleled enjoyment". The Group has been dedicated to advancing technology and landing its application, using AI interactive terminals to deliver innovative and engaging product experiences that align with evolving market trends and consumer needs. We effectively connect fast-moving consumer goods (FMCG) brands with their customers and consistently deliver comprehensive marketing solutions that seamlessly integrate both online and offline channels and address a variety of scenarios. This approach helps our brand clients differentiate themselves and succeed in a highly competitive market.

During the Reporting Period, leveraging on industry growth and expanding market demand, combined with seamless collaboration with brands and customers and efficient operations, the Group has sustained strong business growth. The Group's business growth is primarily driven by its expanding, high-quality, and stable brand customer base. The continuous growth in the effectiveness of the Group's AI interactive terminal network, coupled with ongoing technological research and development, accumulated data, and industry experience, underpins the Group's successful business model and robust service capabilities. These elements collectively reinforce the Group's core competitive advantages in the industry.

During the Reporting Period, the Group recorded revenue of RMB515.1 million, representing a year-on-year increase of 41.7%; gross profit increased to RMB281.4 million, representing a year-on-year increase of 45.0%; and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) totaled RMB121.4 million, representing a year-on-year increase of 35.9%.

As of June 30, 2024, the Group was in a strong financial position with cash and cash equivalents and restricted cash amounting to RMB887.6 million, reflecting the stability of the financial position and the adequacy of liquidity.

Upon Listing, the Group converted 138,640,077 convertible redeemable preferred shares into ordinary shares. This conversion resulted in a non-cash, one-time fair value adjustment of RMB1,899.4 million, which negatively impacted the profits for the Reporting Period. The Group expects that there will be no future gains or losses related to the valuation changes of these financial instruments.

Business Segment Performance

Marketing services

During the Reporting Period, revenue from this segment amounted to RMB411.8 million, representing a year-on-year increase of 41.1%, and gross profit amounted to RMB245.7 million, representing a year-on-year increase of 42.9%. Among them, revenue from standard marketing services amounted to RMB359.8 million, representing a year-on-year increase of 44.6%, and revenue from value-added marketing services amounted to RMB52.0 million, representing a year-on-year increase of 20.8%.

The Group's business growth is primarily driven by its expanding, high-quality, and stable brand customer base. During the Reporting Period, the Group experienced consistent growth in the number of brands served by leveraging on its effective business model, strong service capabilities, solid industry reputation, and dedicated efforts, and at the same time strengthened collaborative relationships with existing customers and expanded the scope of cooperation. During the Reporting Period, the Group provided marketing services to a total of 171 brand customers, representing an increase of 41 customers as compared to the same period last year; among them, the number of KA customers served was 30 and the average revenue per KA customer was RMB10.6 million, both of which increased as compared to the same period last year.

The continuous growth in the effectiveness of the Group's AI interactive terminal network, coupled with ongoing technological research and development, accumulated data and industry experience, underpins the Group's successful business model and robust service capabilities. These elements collectively reinforce the Group's core competitive advantages in the industry.

In terms of the AI interactive terminal network, the Group has continued to enhance its efficiency during the Reporting Period. By reviewing city heat maps and development plans, conducting on-site visits to observe the population density and daily foot traffic, changes in the behavior of target consumers in the areas where the terminals are located, and taking into account the characteristics of selected locations, the Group optimized the layout of the AI interactive terminal network in order to enhance its ability to empower brands to strengthen their market influence and brand value, enhance their consumer acquisition capability, and obtain accurate, authentic and prompt consumer feedback. As a result, the marketing revenue per terminal significantly increased during the Reporting Period. Meanwhile, based on the AI interactive terminal network, the Group's service efficiency and market competitiveness in various marketing scenarios were further enhanced by the continuously improving data and algorithm capabilities, the synergistic capabilities of standard marketing services and value-added marketing services, and the flexible combination of specific service modules. In addition, by applying AI large language model, the Group has achieved automated analysis and digital processing of assets and related contract information and has continued to improve the basic information platform, further integrated the information of the entire platform and achieved cross-platform and cross-system data integration and information sharing, thereby enhancing the operation automation capability and average manpower efficiency and significantly improving the efficiency of internal processes.

In terms of research and development, as China's leading AI interactive marketing service provider, the Group has increased its efforts to develop offline marketing activities featuring AI interactions during the Reporting Period. The Group has been encouraging its technical experts to deeply engage in the business practice of marketing activities design. This aims to expand the application scenarios and range of multi-sensory AI interactions, such as scent emission, motion detection, and voice interaction. By optimizing the interaction mode with customers, the Group enhances the alignment and effectiveness of brand marketing activities and improve its service capabilities, providing robust support for business expansion in the second half of 2024. For example, in the domain of multi-sensory interaction, the Group has developed and integrated technology with market demands to extend emotion recognition technology applicable to AI interactive terminals. This technology can dynamically identify various emotions expressed by users, leading the industry in facial feature recognition and micro-expression dynamic assessment. As a result, the interactive games the Group provides can offer a superior experience for brands and consumers, and thus obtaining a richer consumer behavior analytics. In addition, the Group has integrated a visualized mist effect in the scent diffusion module, making scent emission more intuitive and enhancing the immersive experience for users.

In respect of the accumulation of data and industry experience, the Group has consistently driven the exploration of data value and the commercialization of product during the Reporting Period. Through the integration and analysis of user feedback and sales data accumulated on the platform over the years, the Group further enriched the industry database, providing brand customers with more support in improving their future strategy on market positioning, promotional content design and activity planning, and other marketing-related decisions. Meanwhile, the entire system of the Group has passed the 2024 annual assessment of the National Hierarchical Protection of Information Security (Level III) and continues to obtain the relevant qualification certificates. Moving forward, the Group will continue to meet the regulatory requirements and improve the level of information security and credibility.

Merchandise sales

During the Reporting Period, revenue of this segment amounted to RMB78.4 million, representing a year-on-year increase of 48.8%, and gross profit amounted to RMB24.1 million, representing a year-on-year increase of 69.7%.

As compared to the same period last year, the first half of 2024 saw a significant recovery in foot traffic and consumption, and the number of the Group's offline terminals also increased significantly. On this basis, the Group's continuous efforts to enhance the effectiveness of its terminal network and its more cost-effective pricing strategy further boosted the merchandising power of its terminals, with the merchandise sales revenue per terminal per day for the Reporting Period amounting to RMB58.9, representing a year-on-year increase of 25.2%. Driven by the internal and external factors outlined above, the Group experienced substantial growth in its merchandise sales business.

Other services

During the Reporting Period, revenue of this segment amounted to RMB24.9 million, representing a year-on-year increase of 30.8%, and gross profit amounted to RMB11.6 million, representing a year-on-year increase of 45.0%.

Other services primarily comprise IT system development and software development services. Leveraging its technological strengths in the AIoT sector, growing demand for related developments, and its solid industry reputation, the Group has seen a steady increase in requests and commissions for IT system and software development projects from customers in the industry, which further contributed to the expansion of business revenue.

Long-term Strategies and Outlook

Looking ahead to the second half of 2024, China's macro economy is expected to continue its steady progress and ongoing recovery, driven by the introduction and implementation of robust macroeconomic, monetary, and fiscal policies. It is expected that the consumption market will witness further revitalization, and the consumer goods marketing industry is anticipated to become even more dynamic.

The Group will adopt a more proactive approach in serving its brand customers and will initiate an internationalization strategy to explore the Middle East market. The Group will continue to uphold its customer-centered service principle and provide multi-channel, one-stop and closed-loop marketing solutions to domestic and overseas brand customers. Meanwhile, through continuous technology development, content innovation and algorithm optimization, the Group will deliver more innovative, efficient and precise marketing services to brand customers and more engaging AI interactive experiences to consumers. Internally, the Group will also continue to improve its network effectiveness and operational capacities, expanding the support of AI algorithms and big data technologies for its business operations. The Group will keep empowering its operations with technology to continuously improve its overall efficiency.

As China's leading AI interactive marketing service provider, the Group is committed to introducing more innovative practices to the industry and promoting the industry's development, as well as creating greater value for its Shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue increased from RMB363.6 million in the first half of 2023 to RMB515.1 million in the first half of 2024, representing a year-on-year increase of 41.7%.

The increase was mainly attributable to several key factors: (i) China's economy experienced steady growth in the first half of 2024 and saw a facilitated recovery in consumer goods industry with the support of policies that bolstered the consumption market; (ii) the Group's strategic focus on strengthening relationships with brand customers, which involved enhancing service capabilities and operational efficiency to meet evolving market demands, resulting in sustained and robust growth in the Group's customer base; and (iii) the Group's continued optimization of its integrated online and offline omni-channel marketing network. This included upgrades to AI interactive modules and visualization technology on terminals, which improved user experience and interactivity, ultimately attracting and retaining more high-quality users.

Revenue by Business Segment

The Group generates revenue primarily from (i) marketing services, which further consisted of (a) standard marketing services and (b) value-added marketing services; (ii) merchandise sales; and (iii) other services. The table below sets forth a breakdown of our revenue by business segment for the periods indicated:

	Six months ended June 30, 2024			Six months ended June 30, 2023		
	Revenue	**Gross profit margin**	**Percentage**	Revenue	Gross profit margin	Percentage
	RMB'000	%	%	*RMB'000*	%	%
Marketing services	**411,759**	**59.7**	**79.9**	291,840	58.9	80.3
– Standard marketing services	**359,712**	**55.8**	**69.8**	248,754	55.2	68.4
– Value-added marketing services	**52,047**	**86.2**	**10.1**	43,086	80.4	11.9
Merchandise sales	**78,449**	**30.7**	**15.2**	52,705	26.9	14.5
Other services	**24,909**	**46.7**	**4.8**	19,047	41.9	5.2
Total	**515,117**	**54.6**	**100.0**	363,592	53.4	100.0

(1) Marketing Services

Revenue generated from marketing services increased from RMB291.8 million in the first half of 2023 to RMB411.8 million in the first half of 2024, representing a year-on-year increase of 41.1%. This increase was primarily due to the business growth in both standard marketing services and value-added marketing services.

Among them, revenue from standard marketing services increased from RMB248.8 million in the first half of 2023 to RMB359.7 million in the first half of 2024, representing a year-on-year increase of 44.6%. The growth was mainly attributable to the Group's continuous enhancement of service capabilities and operational efficiency to meet evolving market demands and industry trends, which led to sustained growth in the Group's customer base. The number of the Group's KA customers who purchased its standard marketing services increased from 23 in the first half of 2023 to 30 in the first half of 2024, and the Group's average revenue per KA customer that purchased its standard marketing services increased from RMB8.06 million to RMB9.31 million in the same period.

Revenue from value-added marketing services increased from RMB43.1 million in the first half of 2023 to RMB52.0 million in the first half of 2024, representing a year-on-year increase of 20.8%. The increase was driven by the expansion of the Group's brand customer base and continuous efforts to develop and upgrade the AI interactive module and visualization technology on terminals, thereby enhancing user experience and interactivity and attracting and retaining more high-quality user. The number of the Group's customers who purchased its value-added marketing services increased from 30 in the first half of 2023 to 49 in the first half of 2024.

(2) Merchandise Sales

Revenue from merchandise sales increased from RMB52.7 million in the first half of 2023 to RMB78.4 million in the first half of 2024, representing a year-on-year increase of 48.8%. This growth was primarily attributable to the boosted merchandising power of AI interactive terminals due to the overall consumption recovery and the Group's continuous efforts to enhance the effectiveness of its terminal network and the more cost-effective pricing strategy.

(3) Other Services

Revenue generated from other services increased from RMB19.0 million in the first half of 2023 to RMB24.9 million in the first half of 2024, representing a year-on-year increase of 30.8%, primarily driven by the increase of customer demands and the nature of specific technology development projects undertaken in the corresponding periods.

Cost of Sales

Cost of sales increased by 37.9% from RMB169.5 million in the first half of 2023 to RMB233.7 million in the first half of 2024. The increase was primarily due to (i) an increase in information technology service fees from RMB86.9 million in the first half of 2023 to RMB139.8 million in the first half of 2024, primarily due to an increase in the sales of corresponding marketing services; and (ii) an increase in costs of inventories sold from RMB35.7 million in the first half of 2023 to RMB53.6 million in the first half of 2024, in line with the growth of the Group's merchandise sales business.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 45.0% from RMB194.1 million in the first half of 2023 to RMB281.4 million in the first half of 2024, primarily due to the increase in its revenues as well as the control of its cost of sales. Gross profit margin was 54.6% in the first half of 2024 as compared to 53.4% in the first half of 2023, which was maintained at a relatively stable level, primarily due to the fact that the Group is in a robust operating stage with efficient cost control.

Other Income and Gains

The Group's other income was primarily derived from government grants, exchange gains and interest income, etc. The Group's other income increased by 95.6% from RMB2.2 million in the first half of 2023 to RMB4.3 million in the first half of 2024, which was mainly attributable to (i) the increase in exchange gains arising from the fluctuations in exchange rates during the Reporting Period; (ii) the increase in government grants from RMB0.4 million in the first half of 2023 to RMB1.0 million during the Reporting Period; and (iii) the Group's new trading financial assets yielded an investment income of RMB0.2 million during the Reporting Period.

Selling and Distribution Expenses

Selling and distribution expenses increased by 49.0% from RMB95.3 million in the first half of 2023 to RMB141.9 million in the first half of 2024. The main contributor to this increase was marketing and promotion expenses, which increased by 75.1% from RMB57.4 million in the first half of 2023 to RMB100.5 million in the first half of 2024, primarily attributable to the increase in online and offline multi-channel marketing campaigns, which aimed to enhance the Group's brand awareness and image, develop and reach out to a wider range of potential customers, and promote the expansion of the Group's business scale.

Administrative Expenses

Administrative expenses increased by 12.9% from RMB32.2 million in the first half of 2023 to RMB36.3 million in the first half of 2024. The main contributors to this increase were (i) listing expenses related to the Global Offering; and (ii) employee benefit expenses.

(i) Listing expenses increased from RMB16.1 million in the first half of 2023 to RMB18.3 million in the first half of 2024, primarily to cover the service fees incurred throughout the process of Listing according to the contractual schedule; and

(ii) Employee benefit expenses increased from RMB5.4 million in the first half of 2023 to RMB6.4 million in the first half of 2024, mainly due to the Company's recruitment of skilled management and professionally qualified personnel to support its business expansion.

Finance Costs

The Group's finance costs primarily consist of (i) interests on bank and other borrowings; and (ii) interests on lease liabilities. Such finance costs increased from RMB0.8 million in the first half of 2023 to RMB4.0 million in the first half of 2024, representing a growth of RMB3.2 million. This was attributable to the new bank loans raised at the end of 2023 and the beginning of 2024 in view of the Group's needs in strategic expansion and business development.

Research and Development Expenses

Research and development expenses increased by 37.3% from RMB27.3 million in the first half of 2023 to RMB37.5 million in the first half of 2024. The increase was primarily due to (i) increased investment in technology research and development in relation to the human-machine interaction module and visualization module equipped with AI interactive terminals, which aimed to enhance user experience and interactivity and offer more quality and more cutting-edge consumer experience to customers; and (ii) increased investment in technology research and development in relation to optimization of the supply chain system, which aimed to improve management efficiency and economic benefits to support the Group's expanding business scale.

Fair Value Changes of Convertible Redeemable Preferred Shares

The fair value changes of the Group's convertible redeemable preferred shares for the first half of 2024 and the first half of 2023 was a loss of RMB1,899.4 million and a gain of RMB32.4 million, respectively. Such changes represent fair value adjustment resulting from the conversion of convertible redeemable preference shares into ordinary shares, calculated based on the offering price on the Listing Date, the number of ordinary shares so converted and the exchange rate between HKD and RMB on the Listing Date. Such changes are non-cash, one-time fair value adjustment caused by the conversion of convertible redeemable preferred shares into ordinary shares upon Listing, and it is expected that there will be no future gains or losses related to the valuation changes of these financial instruments.

Other Expenses

The Group's other expenses primarily include losses on disposal of office supplies and terminals.

Income Tax Expenses

The Group's income tax expenses increased from RMB5.9 million in the first half of 2023 to RMB9.2 million in the first half of 2024 due to the increase in its profit before income tax. Our effective tax rate changed from 11.0% in the first half of 2023 to 11.4% in the first half of 2024.

Loss for the Period

The Group's loss for the period in the first half of 2024 was RMB1,846.2 million, which was mainly due to the non-cash, one-time fair value adjustment of RMB1,899.4 million caused by the conversion of 138,640,077 shares of its convertible redeemable preferred shares into ordinary shares upon Listing. It is expected that there will be no future gains or losses related to the valuation changes of these financial instruments. The Group's adjusted profit (a non-IFRS measure) totaled RMB80.3 million, representing a year-on-year increase of 48.8% and demonstrating the continuous improvement in profitability of the Group's operation.

Non-IFRS Measure – Adjusted Profit

To supplement its interim condensed consolidated financial statements which are presented in accordance with IFRSs, the Group also uses adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRSs. The Group believes that such measure provides investors and other persons with useful information to understand and evaluate the Group's consolidated results of operation in the same manner as such measure helps the Group's management. However, the Group's adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of the Group's results of operations or financial position as reported under IFRSs. The Group encourages you to review the financial information in its entirety and not rely on a single financial measure.

Adjusted profit (a non-IFRS measure) is defined as profit or loss for the period by adding back the effects of (i) fair value loss on financial liabilities at FVTPL; (ii) share incentive plan expense; and (iii) listing expenses. Fair value losses on financial liabilities at FVTPL represent fair value losses relating to convertible redeemable preferred shares issued in our equity financings. The convertible redeemable preferred shares were automatically converted into ordinary shares upon completion of the Global Offering. The Group has been successfully listed on the Stock Exchange on May 27, 2024, and the difference between the increase in equity resulting from the conversion of convertible redeemable preference shares into ordinary shares, calculated based on the offering price on the Listing Date, the number of ordinary shares so converted and the exchange rate between HKD and RMB on the Listing Date, and the financial liabilities recognized as at December 31, 2023 was included in the fair value changes for the Reporting Period. Such changes are non-cash, one-time fair value adjustment caused by the conversion of convertible redeemable preferred shares into ordinary shares upon Listing, and it is expected that there will be no future gains or losses related to the valuation changes of these financial instruments. The Group excludes share incentive plan expense as such expenses are non-cash in nature and do not result in cash outflows. The Group also excludes listing expenses with respect to the Global Offering. Adjusted EBITDA (a non-IFRS measure) is defined as adjusted profit (a non-IFRS measure) for the period by adding back the effects of income tax expense, finance costs, bank interest income, and depreciation and amortization charges. The following tables reconcile our adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) for the periods presented.

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Reconciliation of loss for the period and adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure)		
(Loss)/profit for the period	**(1,846,245)**	65,390
Add:		
Fair value losses on financial liabilities at FVTPL	**1,899,415**	(32,424)
Share incentive plan expense	**8,814**	4,885
Listing expenses	**18,285**	16,098
Adjusted profit (a non-IFRS measure)	**80,269**	53,949
Add:		
Income tax expense	**9,161**	5,917
Finance costs	**3,998**	826
Bank interest income	**(204)**	(205)
Depreciation and amortization charges	**28,192**	28,873
Adjusted EBITDA (a non-IFRS measure)	**121,416**	89,360

Inventories

The Group's inventories primarily consist of FMCG, such as beverages and food. Inventory balance decreased from RMB27.8 million as of December 31, 2023 to RMB17.9 million as of June 30, 2024, primarily due to a significant decrease in inventory turnover days from 117.2 days in 2023 to 92.6 days in the first half of 2024 as a result of further improvement in lean inventory management.

Trade Receivables

The Group's trade receivables represent outstanding amounts receivable by the Group from customers primarily in connection with the provision of marketing services. Trade receivables increased from RMB494.0 million as of December 31, 2023 to RMB507.8 million as of June 30, 2024. This increase was primarily attributable to the expansion of our business scale. The Group's trade receivable turnover days remained relatively stable at 222.5 days in 2023 and 227.2 days in the first half of 2024. The Group established a credit control department to minimize our credit risk and maintain control over our outstanding receivables, and our management regularly reviews the settlement status of customers with relatively long credit terms with the aim of maintaining a good turnover of trade receivables.

Trade Payables

Trade payables mainly represent payables due to suppliers for purchasing merchandise, receiving services, etc. in the Group's daily operations.

Trade payables increased from RMB11.5 million as of December 31, 2023 to RMB48.0 million as of June 30, 2024, primarily due to an increase in the balance of trade payables due to the expansion of the Company's business scale and the growth in the volume of merchandise transactions.

Prepayments, Deposits and Other Receivables

Prepayments, deposits and other receivables are amounts paid in advance to suppliers, service providers, etc. in the Group's daily operations or arising from other transactional matters, which are expected to be recovered at some point in the future.

These primarily consist of (i) prepayments to suppliers for purchasing merchandise, procuring services; and (ii) deposits and other receivables, primarily represent lease deposits and miscellaneous receivables.

Prepayments, deposits and other receivables increased from RMB76.8 million as of December 31, 2023 to RMB134.2 million as of June 30, 2024, mainly due to the increase in prepayments for our information technology service purchase. We enhanced our capability of utilizing social media platforms, which attracted and developed quality customers with sustained growth and simultaneously increased our procurement of third-party media resources. Such procurements typically required prepayments per industry convention.

Capital Expenditure

The Group's capital expenditures include payment for purchases of property, plant and equipment and the recognition of right-of-use assets in RMB.

Among them, property, plant and equipment primarily consist of (1) AI interactive terminals; (2) leasehold improvements; and (3) other electronic equipment. Fixed assets decreased from RMB117.7 million as of December 31, 2023 to RMB94.5 million as of June 30, 2024. This was primarily due to (i) the depreciation provided in the first half of 2024 in accordance with the depreciation policy; and (ii) the addition of new AI interactive terminals of RMB2.7 million to support the expansion of the Company's business scale.

Right-of-use assets primarily represent leases of office premises and warehouses. The right-of-use assets increased from RMB2.4 million as of December 31, 2023 to RMB4.8 million as of June 30, 2024, which was primarily due to new lease agreements entered into for office premises and the warehouse, partially offset by depreciation provided in the first half of 2024.

Gearing Ratio

Gearing ratio is calculated by dividing total liabilities by total assets and multiplying by 100%. As of June 30, 2024, the Group's gearing ratio was 24.4% as compared with the gearing ratio of 134.5% as of December 31, 2023.

Pledge of Assets

As of June 30, 2024, the Group did not have any pledge of assets.

Contingent Liabilities

For the Reporting Period, the Group did not have any material contingent liabilities.

Foreign Currency Risk

The Group mainly operates its business in the PRC, and its transactions are mainly settled in RMB. As the Group does not have material financial assets or liabilities denominated in currencies other than the respective functional currencies of our operating entities, the management believes that the business does not have any significant exposure to foreign exchange risk. During the Reporting Period, we did not hedge against any foreign exchange fluctuations.

Credit Risk

The Group trades only with recognized and creditworthy third parties, and there is no requirement for collateral. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, we monitor receivable balances on an ongoing basis, and our exposure to bad debts is not significant. We manage concentrations of credit risk based on customer/counterparty and industry sector.

Material Acquisition and Disposal

During the Reporting Period, the Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures.

Future Plans for Significant Investment and Capital Assets

As of June 30, 2024, the Group did not hold any significant investments.

We will continue to actively seek out potential strategic investment opportunities and pursue high-quality target businesses and assets that can bring synergies to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2024, the Group had a total of 167 employees (December 31, 2023: 187). For the Reporting Period, the total costs for the Group's employees amounted to RMB19.7 million (for the year ended December 31, 2023: RMB38.3 million). Our success depends on our ability to attract, retain and motivate qualified employees. We offer our employees a competitive remuneration package which includes salary, benefits, bonuses and incentives. Our compensation programs are designed to remunerate our employees based on their performance, measured against specified objective criteria. As required by the PRC laws, we have made contributions to the various mandatory social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity leave insurance, and to mandatory housing provident funds, for or on behalf of our employees. The Company operates the stock incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including Directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this results announcement, as of the date of this results announcement, there was no other subsequent event after the Reporting Period which has material impact to the Group.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange on May 27, 2024. The net proceeds raised from the Global Offering, after deduction of the underwriting commissions, fees and estimated expenses payable by the Company in connection with the Global Offering, amounted to approximately HK$420.51 million (the "**Net Proceeds**").

As of the date of this results announcement, there was no change in the intended use of Net Proceeds and the expected timeline as previously disclosed in the section headed "Future Plans and Use of Proceeds – Use of Proceeds" in the Prospectus. The following table sets forth a summary of the utilization of the Net Proceeds as of June 30, 2024:

	Net Proceeds *(HK$ in million)*				
Planned use of the Net Proceeds	**Percentage to total Net Proceeds**	**Net Proceeds incurred from the Global Offering**	**Actual amount of Net Proceeds utilized during the period from the Listing Date to June 30, 2024**	**Unutilized amount as of June 30, 2024**	**Expected timeline for full utilization of the remaining Net Proceeds**
Expand terminal network and increase market penetration	32.0%	134.56	19.47	115.09	December 31, 2027
– Expansion of terminal network across tier one and new tier one cities in China	24.0%	100.92	16.44	84.48	December 31, 2027
– Placement costs of new locations intended for the installation of additional terminals	8.0%	33.64	3.03	30.61	December 31, 2027
Provide enhanced marketing service	13.0%	54.67	6.45	48.22	December 31, 2027
– Expand the Group's user pool and continue to enhance the Group's membership system	10.0%	42.05	6.33	35.72	December 31, 2027
– Recruit additional marketing planning personnel	3.0%	12.62	0.12	12.50	December 31, 2027

Planned use of the Net Proceeds	Percentage to total Net Proceeds	Net Proceeds incurred from the Global Offering	Actual amount of Net Proceeds utilized during the period from the Listing Date to June 30, 2024	Unutilized amount as of June 30, 2024	Expected timeline for full utilization of the remaining Net Proceeds
	Net Proceeds *(HK$ in million)*				
Expand the Group's brand customer base by enhancing the Group's brand awareness	15.0%	63.08	11.16	51.92	December 31, 2026
– Expand the Group's brand customer base and promote the "Quna (趣拿)" brand	10.0%	42.05	10.88	31.17	December 31, 2026
– Recruit business development personnel	5.0%	21.03	0.28	20.75	December 31, 2026
Enhance the Group's technological capabilities and R&D efforts	20.0%	84.10	8.87	75.23	December 31, 2027
– Further enhance the Group's R&D investments	10.0%	42.05	5.23	36.82	December 31, 2027
– Strengthening the construction of digital systems within the Group's internal operations	5.0%	21.03	3.21	17.82	December 31, 2026
– Recruiting experienced technical and R&D personnel	5.0%	21.03	0.43	20.60	December 31, 2027
Pursuing strategic alliances and acquisitions	10.0%	42.05	6.16	35.89	December 31, 2027
For general working capital and general corporate purposes	10.0%	42.05	11.55	30.50	Not applicable
Total	**100.0%**	**420.51**	**63.66**	**356.85**	

The Group will gradually utilize the Net Proceeds in accordance with the intended purposes set out in the Prospectus.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividends for the six months ended June 30, 2024 (six months ended June 30, 2023: nil).

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. Save as disclosed below and in this results announcement, the Company has complied with all applicable code provisions set out in part 2 of the CG Code and adopted most of the recommended best practices set out therein during the period from the Listing Date to June 30, 2024 (the "**Relevant Period**").

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since the Listing Date and up to the date of this results announcement, Ms. YIN Juehui ("**Ms. YIN**") is the Chairwoman and the CEO. With experience in the telecommunications industry and having served in the Company since its establishment, Ms. YIN is in charge of supervising and providing overall management, operation and strategies of the Group. Despite the fact that the roles of the Chairwoman and the CEO are both performed by Ms. YIN which constitutes a deviation from code provision C.2.1 of the CG Code, the Board considers that vesting the roles of both the Chairwoman and the CEO all in Ms. YIN has the benefit of ensuring consistent leadership and more effective and efficient overall strategic planning of the Company. The Board believes that this arrangement will not impact on the balance of power and authorizations between the Board and the senior management of the Company, given that: (i) Ms. YIN and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that each of them acts for the benefit and in the best interests of the Company; (ii) there is sufficient check and balance in the Board, which comprises experienced and diverse individuals, and decision to be made by the Board requires approval by at least a majority of the Directors; and (iii) the overall strategic and other key business, financial and operational policies of the Group are and will be made collectively after thorough discussion at both the Board and senior management levels.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Relevant Period.

During the Relevant Period, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

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

Save for the Global Offering, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Relevant Period.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the requirements under the Listing Rules. As of the date of this results announcement, the Audit Committee comprises three independent non-executive Directors, namely, Mr. ZHU Lin and Dr. CHE Lufeng and Dr. YANG Bo. The chairman of the Audit Committee is Mr. ZHU Lin (being the independent non-executive Director with the appropriate professional qualifications). The primary functions of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process, provide advice and comments to the Board, perform other duties and responsibilities as may be assigned by the Board, and review and oversee the risk management of the Company.

The Audit Committee has discussed with the management of the Company and reviewed the unaudited condensed consolidated financial statements of the Group for the Reporting Period. The Audit Committee considered that the unaudited condensed consolidated financial statements of the Group for the Reporting Period are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

The unaudited condensed consolidated financial statements of the Group for the Reporting Period has been reviewed by Ernst & Young, the independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. Based on their review, nothing has come to their attention that causes them to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended June 30, 2024

	Notes	Six months ended June 30, 2024 RMB'000 (Unaudited)	Six months ended June 30, 2023 RMB'000 (Unaudited)
REVENUE	5	**515,117**	363,592
Cost of sales		**(233,693)**	(169,484)
Gross profit		**281,424**	194,108
Other income and gains		**4,266**	2,163
Selling and distribution expenses		**(141,948)**	(95,262)
Administrative expenses		**(36,315)**	(32,176)
Research and development expenses		**(37,484)**	(27,307)
Fair value losses on financial liabilities at fair value through profit or loss ("**FVTPL**")		**(1,899,415)**	32,424
Fair value gains on financial assets at FVTPL		**2,273**	–
Other expenses and losses		**(7)**	(1,725)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal		**(5,880)**	(92)
Finance costs		**(3,998)**	(826)
(LOSS)/PROFIT BEFORE TAX	6	**(1,837,084)**	71,307
Income tax expense	8	**(9,161)**	(5,917)
(LOSS)/PROFIT FOR THE PERIOD		**(1,846,245)**	65,390
Attributable to:			
Owners of the parent		**(1,847,864)**	64,625
Non-controlling interests		**1,619**	765
		(1,846,245)	65,390

	Notes	Six months ended June 30, **2024** *RMB'000* **(Unaudited)**	2023 *RMB'000* (Unaudited)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(1,846,245)**	65,390
Attributable to:			
Owners of the parent		**(1,847,864)**	64,625
Non-controlling interests		**1,619**	765
		(1,846,245)	65,390
(LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic:			
(Loss)/profit for the period *(RMB)*	*9*	**(13.71)**	0.62
Diluted:			
(Loss)/profit for the period *(RMB)*	*9*	**(13.71)**	0.08

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2024

	Notes	**June 30, 2024 RMB'000 (Unaudited)**	December 31, 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**94,468**	117,652
Right-of-use assets		**4,840**	2,361
Financial assets at FVTPL		**4,000**	4,000
Deferred tax assets		**12,065**	11,014
Prepayments, deposits and other receivables		**46,750**	34,750
Total non-current assets		**162,123**	169,777
CURRENT ASSETS			
Inventories		**17,891**	27,785
Trade receivables	*10*	**507,799**	493,999
Prepayments, deposits and other receivables		**134,206**	76,788
Amounts due from shareholders		**–**	7
Cash and bank balance		**887,616**	299,018
Financial assets measured at amortised cost		**86,270**	–
Financial assets at FVTPL		**21,065**	–
Total current assets		**1,654,847**	897,597

	Notes	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade payables	11	**47,987**	11,451
Other payables and accruals		**34,813**	9,404
Contract liabilities		**3,952**	2,762
Income tax payable		**8,749**	21,365
Lease liabilities		**2,560**	1,659
Interest-bearing bank borrowings		**329,840**	119,940
Deferred income		**320**	320
Total current liabilities		**428,221**	166,901
NET CURRENT ASSETS		**1,226,626**	730,696
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,388,749**	900,473
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**12,750**	13,500
Lease liabilities		**2,422**	528
Deferred income		**240**	400
Convertible redeemable preferred shares		**–**	1,253,988
Total non-current liabilities		**15,412**	1,268,416
Net assets/(liabilities)		**1,373,337**	(367,943)
EQUITY			
Share capital	12	**18**	7
Reserves/(deficits)		**1,351,818**	(387,832)
Equity attributable to owners of the parent		**1,351,836**	(387,825)
Non-controlling interests		**21,501**	19,882
Total equity/(deficits)		**1,373,337**	(367,943)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

	Attributable to owners of the parent							
	Paid-in capital *RMB'000*	Capital reserve *RMB'000*	Share award reserve *RMB'000*	Other reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total deficits *RMB'000*
At January 1, 2024 (audited)	7	–	32,670	47,080	(467,582)	(387,825)	19,882	(367,943)
Profit for the period	–	–	–	–	(1,847,864)	(1,847,864)	1,619	(1,846,245)
Total comprehensive income for the period	–	–	–	–	(1,847,864)	(1,847,864)	1,619	(1,846,245)
Issue of new shares upon the initial public offerings (the "**IPO**")	1	425,307	–	–	–	425,308	–	425,308
Automatic conversion of preferred shares upon the IPO	10	3,153,393	–	–	–	3,153,403	–	3,153,403
Equity-settled share award plan	–	–	8,814	–	–	8,814	–	8,814
At June 30, 2024 (unaudited)	18	3,578,700	41,484	47,080	(2,315,446)	1,351,836	21,501	1,373,337

For the six months ended June 30, 2023

	Attributable to owners of the parent						
	Paid-in capital *RMB'000*	Share award reserve *RMB'000*	Other reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total deficits *RMB'000*
At January 1, 2023 (audited)	7	18,036	–	(591,858)	(573,815)	155	(573,660)
Profit for the period	–	–	–	64,625	64,625	765	65,390
Total comprehensive income for the period	–	–	–	64,625	64,625	765	65,390
Transfer from convertible redeemable preferred shares	–	–	47,080	–	47,080	13,967	61,047
Capital deduction by Shanghai Yiqu (as defined below)	–	–	–	(6,666)	(6,666)	–	(6,666)
Equity-settled share award plan	–	4,885	–	–	4,885	–	4,885
At June 30, 2023 (unaudited)	7	22,921	47,080	(533,899)	(463,891)	14,887	(449,004)

In June 2023, pursuant to the reorganization framework agreement, Shanghai Yiqu Investment Development Center (Limited Partnership) (上海益趣投資發展中心(有限合夥)) ("**Shanghai Yiqu**") conduct a capital reduction from Shanghai Quna Network Technology Co, Ltd. (上海趣致網絡科技有限公司) ("**Shanghai Quna**") in an aggregated amount of approximately RMB6,666,000.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

June 30, 2024

1. GENERAL INFORMATION

Qunabox Group Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on June 15, 2021. The registered address of the Company is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from May 27, 2024 (the "**Listing**").

The interim condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and most of its subsidiaries. The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are engaged in marketing services, merchandise sales and other services in the People's Republic of China (the "**PRC**").

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2024 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2023.

3. PRINCIPAL ACCOUNTING POLICIES

The Group has not applied the following new and revised International Financial Reporting Standards ("**IFRS(s)**"), that have been issued but are not yet effective, in the interim condensed consolidated financial statements. The Group intends to adopt them, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Amendments to IAS 21	*Lack of Exchange Ability*[2]
IFRS 18	*Presentation and Disclosure in Financial Statements*[4]

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

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is mainly engaged in marketing services, merchandise sales and other related services, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's management for the purposes of resources allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Mainland China	**515,117**	363,592

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

(b) As the Group's non-current assets were located in the PRC during the relevant periods, no geographical information is presented.

Information about major customers

No revenue amounting to 10.0% or more of the Group's total revenue was derived from sales to a single customer during the relevant periods.

Information about products and services have been disclosed under Note 5 to the interim condensed consolidated financial statements.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

Revenue from contracts with customers

(i) Disaggregated revenue information

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Revenue from marketing services	**411,759**	291,840
Revenue from merchandise sales	**78,449**	52,705
Revenue from other related services	**24,909**	19,047
Total	**515,117**	363,592

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Goods transferred at a point in time	**78,449**	52,705
Services satisfied at a point in time	**24,909**	19,047
Services satisfied over time	**411,759**	291,840
Total	**515,117**	363,592

The following table shows the amounts of revenue recognised in each of the relevant periods that were included in the contract liabilities at the beginning of each of the relevant periods and recognised from performance obligations satisfied in previous periods:

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Marketing services	**3,952**	2,762

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

(ii) Performance obligations

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

Marketing services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 180 days from the date of completion of services and customer acceptance.

Merchandise sales

The performance obligation is satisfied when the control of the goods has been transferred by offline terminals to the customers, and payment upon delivery of goods is normally required.

Other related services

The performance obligation is satisfied at the point in time as services are completed and accepted by customers and payment is generally due within 90 days from the date of completion of services and customer acceptance.

6. (LOSS)/PROFIT BEFORE TAX

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

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**53,572**	35,713
Depreciation of property, plant and equipment	**26,500**	27,820
Depreciation of right-of-use assets	**1,692**	1,053
Research and development costs	**37,485**	27,307
Auditor's remuneration	**28**	47
Listing expenses	**18,285**	16,098
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**15,976**	14,649
Share incentive plan expense	**8,814**	4,885
Pension scheme contributions	**3,748**	3,353
Total	**28,538**	22,887
Foreign exchange gains, net	**(2,762)**	(132)
Fair value losses/(gains) on financial liabilities at FVTPL	**1,899,415**	(32,424)
Fair value gains on financial assets at FVTPL	**(2,273)**	–
Impairment losses on financial assets under ECL model	**5,880**	92
Write-down of inventories	**1,541**	4,366
Interest income	**(204)**	(205)
Loss on disposal of items of property, plant and equipment	**–**	1,657

7. DIVIDENDS

The board of the directors of the Company (the "**Board**") did not recommend the payment of any dividend during the relevant periods.

8. INCOME TAX

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

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains during the relevant periods.

Hong Kong

The subsidiary which operates in Hong Kong is subject to profits tax at a rate of 8.25% applies to the first HKD2,000,000 of assessable profits, the remaining assessable profits is subject to profits tax at a rate of 16.5%.

Mainland China

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and the Implementation Regulation of the EIT Law, the Enterprise Income Tax rate of the PRC subsidiaries is 25.0% unless they are subject to preferential tax as set out below.

In 2022, Shanghai Quna was accredited as a "High and New Technology Enterprise" ("**HNTE**") and was entitled to a preferential income tax rate of 15.0% for a period of three years from December 2022 to December 2025.

The income tax expense of the Group for the relevant periods is analysed as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**10,212**	5,746
Deferred income tax	**(1,051)**	171
Total tax charge for the period	**9,161**	5,917

A reconciliation of the tax expense applicable to (loss)/profit before tax using the statutory rate for the countries or jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the applicable tax rate is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/profit before tax	**(1,837,084)**	71,307
Tax charged at the statutory tax rate	**(459,271)**	17,827
Preferential tax rate enacted by the subsidiary	**(6,247)**	(5,388)
Expenses not deductible for tax	**479,282**	4,902
Income not taxable	**–**	(8,106)
Additional deductible allowance for research and development costs	**(4,603)**	(3,332)
Temporary difference and tax losses not recognised	**–**	14
Tax expense at the Group's effective rate	**9,161**	5,917

9. (LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/profit per share amounts is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, same as used in the basic (loss)/profit per share calculation. For the six months ended June 30, 2024, the weighted average number of shares in issue was 134,812,153 (2023: 104,361,369), as adjusted to reflect the situation of new share issuance during this period.

For the six months ended June 30, 2023, the calculation of the diluted profit per share is based on the profit for the period attributable to ordinary equity holders of the parent deducting fair value gain of RMB45,739,000 on the convertible redeemable preferred shares that had a dilutive effect. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic profit per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, including the effect of dilution from convertible redeemable preferred shares that had a dilutive effect of 125,579,327 shares and options granted under the stock incentive plan of 15,350,890 shares, respectively.

No adjustment has been made to the basic loss per share amounts presented for the six months ended June 30, 2024 as the impact of the automatic conversion of convertible redeemable preferred shares and share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

10. TRADE RECEIVABLES

	June 30, 2024	December 31, 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**561,011**	541,331
Impairment	**(53,212)**	(47,332)
Total	**507,799**	493,999

The Group's trading terms with its customers are mainly on credit. The credit term is generally from three to six months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control process to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	June 30, 2024 *RMB'000* **(Unaudited)**	December 31, 2023 *RMB'000* (Audited)
Within 6 months	**271,968**	284,315
6 to 12 months	**155,476**	169,995
1 to 2 years	**79,668**	33,132
2 to 3 years	**687**	6,557
Total	**507,799**	493,999

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the relevant periods, based on the invoice date, is as follows:

The Group

	June 30, 2024 *RMB'000* **(Unaudited)**	December 31, 2023 *RMB'000* (Audited)
Within 1 year	**47,987**	11,451

The trade payables are non-interest-bearing and are normally settled on 30 to 60 day terms.

12. SHARE CAPITAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on June 15, 2021. Upon its incorporation, the Company had an authorized share capital of US$50,000 divided into 500,000,000 ordinary shares with a par value of US$0.0001 each. According to the amended and restated memorandum and articles of association of the Company passed in June 2023, the authorized share capital of the Company is US$50,000 divided into 5,000,000,000 ordinary shares of a par value of US$0.00001 each.

As at December 31, 2023, the Company had 104,361,369 shares with a par value of US$0.00001 each.

On May 27, 2024, the Company was successfully listed on the Main Board of the Stock Exchange following the completion of the issuance of 19,704,000 new shares of US$0.00001 each issued at an offer price of HK$25 per share.

As at May 27, 2024, all convertible redeemable preferred shares were automatically converted into 138,640,077 ordinary shares of the Company upon the Listing and the fair value of the convertible redeemable preferred shares as at May 27, 2024 was measured with reference to the IPO offer price of HK$25 per share.

Ordinary shares issued and fully paid:

	Numbers of ordinary shares	**Share capital**
As at December 31, 2023 and January 1, 2024	–	–
Issue of ordinary shares of US$0.00001 each	104,361,369	7
Issue of shares pursuant to IPO	19,704,000	1
Automatic conversion of convertible redeemable preferred shares upon the Listing	138,640,077	10
As at June 30, 2024:		
Ordinary shares of US$0.00001 each	262,705,446	18

13. RELATED PARTY TRANSACTIONS

The following table sets forth the outstanding balances with related parties as of the dates indicated:

	June 30, 2024 ***RMB'000*** **(Unaudited)**	December 31, 2023 *RMB'000* (Audited)
Amounts due from shareholders		
Beyond Branding Limited *(note i)*	–	5
Q-robot Holding Limited *(note i)*	–	1
Kiosk Joy Holding Limited *(note i)*	–	1
Q-robot shop Limited *(note i)*	–	–*
INSIGMA Limited *(note i)*	–	–*
NeoBox Holding Limited *(note i)*	–	–*
QFUN Holding Limited *(note ii)*	–	–*
Total	–	7

* The relevant amount is less than RMB1,000.

Note i: These entities are owned by the controlling shareholders of the Company.

Note ii: This entity is owned by a Series C investor.

14. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each of the relevant periods are as follows:

Financial assets

As at June 30, 2024

	Financial assets at FVTPL *RMB'000* **(Unaudited)**	**Financial assets at amortised cost** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Trade receivables	**–**	**507,799**	**507,799**
Financial assets included in prepayments, other receivables and other assets	**–**	**2,322**	**2,322**
Cash and bank balances	**–**	**887,616**	**887,616**
Financial assets at amortised cost	**–**	**86,270**	**86,270**
Financial assets at FVTPL	**21,065**	**–**	**21,065**
Financial assets at FVTPL – non-current	**4,000**	**–**	**4,000**
Total	**25,065**	**1,484,007**	**1,509,072**

As at December 31, 2023

	Financial assets at FVTPL *RMB'000* (Audited)	Financial assets at amortised cost *RMB'000* (Audited)	Total *RMB'000* (Audited)
Trade receivables	–	493,999	493,999
Amount due from shareholders	–	7	7
Financial assets included in prepayments, other receivables and other assets	–	2,346	2,346
Cash and bank balances	–	299,018	299,018
Financial assets at FVTPL	4,000	–	4,000
Total	4,000	795,370	799,370

Financial liabilities

As at June 30, 2024

	Financial liabilities at amortised cost *RMB'000* **(Unaudited)**
Trade payables	**47,987**
Financial liabilities included in other payables and accruals	**24,772**
Interest-bearing bank borrowings	**342,590**
Total	**415,349**

As at December 31, 2023

	Financial liabilities at FVTPL *RMB'000* (Audited)	Financial liabilities at amortised cost *RMB'000* (Audited)	Total *RMB'000* (Audited)
Trade payables	–	11,451	11,451
Financial liabilities included in other payables and accruals	–	5,542	5,542
Convertible redeemable preferred shares	1,253,988	–	1,253,988
Interest-bearing bank borrowings	–	133,440	133,440
Total	1,253,988	150,433	1,404,421

15. EVENTS AFTER THE RELEVANT PERIOD

There is no material subsequent event happened after June 30, 2024.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.zzss.com), respectively, and the interim report of the Company for the Reporting Period containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS AND GLOSSARIES

In this results announcement, the following expressions have the meanings set out below unless the context otherwise requires:

"AI"	artificial intelligence, simulation of human intelligence by machines
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"CEO"	the chief executive officer of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairwoman"	the chairwoman of the Board
"China" or "PRC"	the People's Republic of China, for the purposes of this results announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company"	Qunabox Group Limited (趣致集團), an exempted company with limited liability incorporated in the Cayman Islands on June 15, 2021, and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 0917)
"Director(s)"	the director(s) of the Company
"Global Offering"	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)

"Group", "our", "we" or "us"	the Company and its subsidiaries and branch companies from time to time or, where the context so requires, in respect of the period prior to the Company became the holding company of its present subsidiaries and branch companies, such subsidiaries as if they were subsidiaries of the Company at the relevant time
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS(s)"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and International Accounting Standards and interpretation issued by International Accounting Standards Committee
"KA customer(s)"	key account customers
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on May 27, 2024
"Listing Date"	May 27, 2024
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Prospectus"	the prospectus of the Company dated May 17, 2024
"RMB"	Renminbi, the lawful currency of China

"R&D"	research and development
"Share(s)"	ordinary share(s) in the share capital of the Company with a par value of US$0.00001 each
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"US$"	United States dollars, the lawful currency of the United States
"%"	per cent

By order of the Board
Qunabox Group Limited
(趣致集團)
Ms. YIN Juehui
Chairwoman and Executive Director

Hong Kong
August 15, 2024

As at the date of this announcement, the Board comprises (i) Ms. YIN Juehui, Mr. CAO Liwen and Mr. HUANG Aihua as executive Directors; (ii) Mr. DAI Jianchun and Mr. CHEN Rui as non-executive Directors; and (iii) Dr. CHE Lufeng, Mr. ZHU Lin and Dr. YANG Bo as independent non-executive Directors.