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UNQ HOLDINGS LIMITED

优趣汇控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2177)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

Decline in revenue

- The revenue was RMB1,348.4 million for the year ended 31 December 2024, representing a decrease of 22.3% as compared with the year ended 31 December 2023.

Increase in gross profit margin

- The gross profit margin for the year ended 31 December 2024 was 30.0%, representing an increase of 3.7 percentage points from the gross profit margin of 26.3% for the year ended 31 December 2023.

Turnaround from loss to profit in net profit

- The net profit was RMB36.5 million for the year ended 31 December 2024, representing an increase of 308.1% as compared to the net loss of RMB17.5 million for the year ended 31 December 2023.

Restoring basic earnings per share to positive

- Basic earnings per share for the year ended 31 December 2024 was RMB0.23, and the basic loss per share for the year ended 31 December 2023 was RMB0.11.

Recommended dividend

- The Board has recommended the payment of a final dividend of HK\$0.50 per share for the year ended 31 December 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of UNQ Holdings Limited (优趣汇控股有限公司) (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2024, together with comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	1,348,400	1,735,900
Cost of revenue	4	<u>(943,705)</u>	<u>(1,279,245)</u>
Gross profit		<u>404,695</u>	<u>456,655</u>
Selling and marketing expenses		(311,949)	(369,938)
General and administrative expenses		(47,470)	(63,664)
Research and development expenses		(4,469)	(3,870)
Net impairment losses on financial assets		(11,269)	(22,967)
Other income	5	721	2,268
Other losses – net		<u>(2,419)</u>	<u>(6,433)</u>
Operating profit/(loss)		27,840	(7,949)
Finance income	7	10,410	4,802
Finance costs	7	<u>(6,002)</u>	<u>(12,941)</u>
Share of net profit of associates and joint ventures accounted for using equity method		<u>9,567</u>	<u>635</u>
Profit/(loss) before income tax	6	41,815	(15,453)
Income tax expenses	8	<u>(5,344)</u>	<u>(2,076)</u>
Profit/(loss) for the year		<u>36,471</u>	<u>(17,529)</u>
Attributable to:			
– Owners of the Company		37,892	(18,217)
– Non-controlling interests		<u>(1,421)</u>	<u>688</u>
		<u>36,471</u>	<u>(17,529)</u>

	<i>Note</i>	2024 RMB'000	2023 RMB'000
Other comprehensive losses			
<i>Items that may be reclassified to profit or loss</i>			
Share of other comprehensive losses of joint ventures accounted for using equity method		(2,463)	(185)
Exchange differences on translation of foreign operations		(3,149)	(83)
Acquisition of non-controlling interests		(1,448)	–
Total other comprehensive losses		(7,060)	(268)
Total comprehensive income/(losses) for the year		29,411	(17,797)
Attributable to:			
– Owners of the Company		30,832	(18,485)
– Non-controlling interests		(1,421)	688
		29,411	(17,797)
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company			
– Basic and diluted earnings/(loss) per share	9	RMB 0.23	RMB (0.11)

CONSOLIDATED BALANCE SHEET

As at 31 December 2024

	<i>Note</i>	2024 RMB'000	2023 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment & leases		5,156	10,483
Intangible assets		1,616	1,825
Deferred tax assets		58,048	52,639
Investments accounted for using equity method		3,673	16,637
Financial assets measured at fair value through profit or loss (“FVPL”)		34,864	35,414
Total non-current assets		103,357	116,998
Current assets			
Inventories	<i>10</i>	264,986	279,570
Trade and other receivables	<i>12</i>	233,873	243,697
Other current assets	<i>11</i>	97,286	126,214
Restricted cash		51,875	52,475
Cash and cash equivalents		438,576	338,397
Total current assets		1,086,596	1,040,353
Total assets		1,189,953	1,157,351

	<i>Note</i>	2024 RMB'000	2023 RMB'000
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		14	14
Share premium		2,487,083	2,524,727
Other reserves		(1,481,993)	(1,474,933)
Accumulated losses		(285,637)	(323,529)
		<u>719,467</u>	<u>726,279</u>
Non-controlling interests		<u>1,006</u>	<u>979</u>
Total equity		<u>720,473</u>	<u>727,258</u>
LIABILITIES			
Non-current liabilities			
Borrowings	13	28,305	35,188
Lease liabilities		273	3,409
Total non-current liabilities		<u>28,578</u>	<u>38,597</u>
Current liabilities			
Contract liabilities		7,015	521
Trade and other payables	14	246,280	181,691
Lease liabilities		3,795	5,669
Current tax liabilities		5,344	9,452
Provisions		6,375	6,375
Borrowings	13	172,093	187,788
Total current liabilities		<u>440,902</u>	<u>391,496</u>
Total liabilities		<u>469,480</u>	<u>430,093</u>
Total equity and liabilities		<u>1,189,953</u>	<u>1,157,351</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 31 October 2019 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands. The Company listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEX") on 12 July 2021.

The Company is an investment holding company. The Group is principally engaged in (i) selling goods to customers ("Sales of Goods Business"), including Business To Business Model ("B2B") and Business To Consumer Model ("B2C"); (ii) the facilitation of brand partners' online operating services and digital marketing services in the People's Republic of China (the "PRC").

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2. BASIS OF PREPARATION

(i) Statement of compliance

The consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards and International Accounting Standards and interpretations issued by the International Accounting Standards Board (collectively "IFRS Accounting Standards") and the disclosure requirements of the Hong Kong Companies Ordinance ("HKCO"). In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on HKEX (the "Listing Rules") and HKCO Cap. 622.

(ii) Basis of presentation

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved and authorised for issue by the Board on 28 March 2025.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value.

(iii) New and amended standards adopted by the Group

The following new IFRS Accounting Standards and interpretations were adopted by the Company on 1 January 2024.

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

There have been no new IFRS Accounting Standards or International Financial Reporting Interpretations Committee ("IFRIC") interpretations that have a material impact on the Group's results and financial position for the year ended 31 December 2024. The Group has not early applied any new or amended IFRS Accounting Standards that is not yet effective for the year ended 31 December 2024.

(iv) New standards and interpretations not yet adopted

The following new and revised IFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

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

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The Group has already commenced an assessment of the impact of these new or amended standards which are relevant to the Group's operations. With the exception of IFRS 18, these standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 Presentation and Disclosures in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures. The Company is currently evaluating the full impact of IFRS 18 on its financial statement presentation and disclosures. Further updates will be provided as the assessment progresses.

3. SEGMENT INFORMATION

The Group's chief operating decision maker ("CODM") has been identified as the chief executive officer. The CODM reviews the consolidated results of the Group as a whole when making decisions about allocating resources and assessing performance of the Group. As a result, no segment information is presented for the years ended 31 December 2024 and 2023.

The Group mainly operates in the PRC. As at 31 December 2024 and 2023, most of the Group's non-current assets were located in the PRC, and most of the Group's revenue are derived from the PRC.

4. REVENUE AND COST OF REVENUE

Revenue mainly comprises of proceeds from sales of goods and services such as online operating and digital marketing. An analysis of the Group's revenue and cost of sales by category for the years ended 31 December 2024 and 2023 is as follows:

	Timing of recognition	Year ended 31 December		2023	
		2024	Cost of revenue	Revenue	Cost of revenue
		Revenue	RMB'000	Revenue	RMB'000
		RMB'000	RMB'000	RMB'000	RMB'000
Sales of goods					
– B2B	at a point in time	649,007	551,959	843,128	732,128
– B2C	at a point in time	687,817	389,154	877,174	539,627
Provision of services	over time	11,576	2,592	15,598	7,490
		<u>1,348,400</u>	<u>943,705</u>	<u>1,735,900</u>	<u>1,279,245</u>

During the years ended 31 December 2024 and 2023, the revenue derived from external customers that accounted for more than 10% of total revenue are set out below.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Customer A	<u>444,436</u>	<u>644,528</u>

5. OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Government grants ⁽¹⁾	<u>721</u>	<u>2,268</u>

Note (1): Government grants mainly consisted of financial subsidies with no condition attached granted by the local governments.

6. PROFIT/(LOSS) BEFORE TAX

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Cost of goods sold	958,736	1,263,651
(Reversal of)/provision for inventories	(17,624)	8,104
Employee benefit expenses	93,597	100,856
Depreciation charges		
– Property, plant and equipment	708	1,356
– Right-of-use assets	4,728	7,356
Amortisation charges	209	173
Auditors' remuneration		
– Audit services	2,120	2,430
– Non-audit service	80	984
Short-term lease payments	<u>140</u>	<u>134</u>

7. FINANCE COSTS – NET

(a) Finance income

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Bank interest income	<u>10,410</u>	<u>4,802</u>

(b) Finance costs

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Interest expense on borrowings	(5,769)	(8,926)
Interest expense on lease liabilities	(233)	(446)
Net exchange losses on foreign currency borrowings	<u>–</u>	<u>(3,569)</u>
	<u>(6,002)</u>	<u>(12,941)</u>

8. INCOME TAX EXPENSES

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax	(1,758)	(572)
Deferred income tax	<u>7,102</u>	<u>2,648</u>
	<u>5,344</u>	<u>2,076</u>

(i) Cayman Islands corporate income tax

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain.

(ii) Hong Kong profits tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HK\$2.0 million and 16.5% on any part of assessable profits over HK\$2.0 million for the years presented. Provision for Hong Kong profits tax was made on the assessable profits of entities within the Group incorporated in Hong Kong.

(iii) Japan corporate income tax

Entities incorporated in Japan are subject to Japan corporate income tax at an effective statutory tax rate of approximately 35%.

(iv) 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 31 December 2024 and 2023.

(v) PRC withholding Tax (“WHT”)

According to the New Corporate Income Tax Law (“**New CIT Law**”), distribution of profits earned by PRC companies since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on if the foreign investor is considered as the beneficial owner of the dividend according to the double tax treaty (agreement) between China and the jurisdiction of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies. During the year ended 31 December 2024, the Group had no profit distribution on its PRC subsidiaries (2023: Nil).

9. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share for the years ended 31 December 2024 and 2023 are calculated by dividing the earnings/(loss) attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	Year ended 31 December	
	<i>2024</i>	<i>2023</i>
Net earnings/(loss) attributable to the owners of the Company (<i>RMB'000</i>)	37,892	(18,217)
Weighted average number of ordinary shares	165,894,700	165,894,700
Basic earnings/(loss) per share (<i>expressed in RMB per share</i>)	0.23	(0.11)

For the years ended 31 December 2024 and 2023, the Company had no dilutive potential ordinary shares and therefore diluted earnings/(loss) per share is equivalent to basic earnings/(loss) per share.

10. INVENTORIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Merchant goods	272,852	306,502
Less: provision	(7,866)	(26,932)
	<u>264,986</u>	<u>279,570</u>

Movements on the Group's allowance for provision of inventories are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
At beginning of year	26,932	30,494
Charge for the year		
– (credit)/charge to profit or loss	(17,624)	8,104
– exchange differences	(273)	(34)
Write-off for the year	<u>(1,169)</u>	<u>(11,632)</u>
At end of year	<u>7,866</u>	<u>26,932</u>

11. OTHER CURRENT ASSETS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Value added tax (“VAT”) recoverable	60,704	68,725
Third party prepayments	17,639	16,955
Consumption tax refund receivable	2,437	10,747
Prepaid CIT expenses	13,080	25,550
Others	<u>3,426</u>	<u>4,237</u>
	<u>97,286</u>	<u>126,214</u>

12. TRADE AND OTHER RECEIVABLES

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables		
– Related parties	61,209	67,514
– Third parties	108,030	119,119
	<u>169,239</u>	<u>186,633</u>
Less: allowance for impairment of trade receivables	<u>(42,242)</u>	<u>(31,771)</u>
	<u>126,997</u>	<u>154,862</u>
Other receivables		
– Related parties		
(i) Others	2,663	2,951
(ii) Dividends receivables from a joint venture	20,139	–
– Third parties		
(i) Rebate receivables	56,465	55,063
(ii) Deposits	12,690	18,827
(iii) Refunds receivable	1,606	1,806
(iv) Unwithdrawn balance on platform	6,404	6,104
(v) Loan to a third party ⁽¹⁾	–	1,791
(vi) Others	10,801	5,416
	<u>110,768</u>	<u>91,958</u>
Less: allowance for impairment of other receivables	<u>(3,892)</u>	<u>(3,123)</u>
	<u>106,876</u>	<u>88,835</u>
Total trade and other receivables	<u>233,873</u>	<u>243,697</u>

Note (1): The loan to a third party is due within two years at interest rate of 6% per annum. It was fully settled as at 31 December 2024.

As at 31 December 2024 and 2023, the ageing analysis of the trade receivables based on due date was as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Up to 3 months	100,922	107,867
3 to 6 months	3,868	4,774
6 months to 1 year	223	–
Over 1 year	64,226	73,992
	<u>169,239</u>	<u>186,633</u>

The loss allowance for trade receivables as at 31 December reconciles to the opening loss allowances as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
At beginning of year	31,771	8,695
Charge for the year		
– charge to profit or loss	10,471	23,083
– exchange differences	–	(7)
	<u>42,242</u>	<u>31,771</u>

As at 31 December 2024 and 2023, the ageing analysis of other receivables based on due date was as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Up to 3 months	107,610	88,958
3 to 6 months	158	3,000
6 months to 1 year	3,000	–
	<u>110,768</u>	<u>91,958</u>

The loss allowance for other receivables as at 31 December reconciles to the opening loss allowances as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
At beginning of year	3,123	3,314
Charge/(reversal) for the year		
– charge/(reversal) to profit or loss	798	(116)
– exchange differences	(29)	(75)
	<u>3,892</u>	<u>3,123</u>

The Group's allowance for impairment of trade and other receivables and financial guarantees charged/ (reversal) to profit or loss are summarised as follows:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	10,471	23,083
Other receivables	798	(116)
Financial guarantees	–	6,375
	<u>11,269</u>	<u>29,342</u>

13. BORROWINGS

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Secured or guaranteed</i>		
– Bank loans		
– Current	168,000	181,000
– Current portion of non-current	2,244	1,005
– Non-current	4,004	5,354
– Corporate bonds		
– Current portion of non-current	1,849	3,515
– Non-current	693	2,762
	<u>176,790</u>	<u>193,636</u>
<i>Unsecured</i>		
– Bank loans		
– Current portion of non-current	–	2,268
– Non-current	491	1,965
– Loans from other financial institutions		
– Non-current	23,117	25,107
	<u>23,608</u>	<u>29,340</u>
Total borrowings	<u>200,398</u>	<u>222,976</u>

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables		
– Related parties	4,658	6,366
– Third parties	175,015	131,087
	<u>179,673</u>	<u>137,453</u>
Other payables		
– Related parties	347	300
– Third parties	38,120	24,594
	<u>38,467</u>	<u>24,894</u>
Accrued payroll	21,345	14,232
Other taxes payables	6,539	4,823
Interest payables	256	289
	<u>246,280</u>	<u>181,691</u>

Trade payables are unsecured and are usually paid within 90 days of recognition. Where trade payables are settled via electronic cash transfer, they are derecognised when the Group has no ability to withdraw, stop or cancel the payment, has lost the practical ability to access the cash as a result of the electronic payment instruction, and the risk of a settlement not occurring is insignificant.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Up to 3 months	44,005	33,126
3 to 6 months	135,668	104,327
	<u>179,673</u>	<u>137,453</u>

15. DIVIDENDS

In accordance with a resolution of the Board meeting dated 28 August 2024, the Board resolved an interim dividend of HK\$0.25 per share (2023: HK\$0.12 per share) to the shareholders in respect of the six months ended 30 June 2024, totalling HK\$41.5 million (equivalent to RMB37.6 million) (2023: HK\$19.9 million (equivalent to RMB18.2 million)). This dividend was paid out of the share premium of the Company on 26 September 2024 (2023: paid on 27 September 2023).

In accordance with the resolution of the Board meeting dated 28 March 2025, the Board proposed a final dividend of HK\$0.50 per share to the shareholders in respect of the year ended 31 December 2024. The final dividend will be paid out of the share premium of the Company. The proposed final dividend is not recorded as liability in the consolidated financial statements for the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In 2024, despite the fact that China confronted with the complex external environment such as global geopolitical tensions and escalating international trade frictions, its overall economy remained a stable trend with good momentum, as evidenced by a year-on-year increase of 5.0% for its gross domestic product in 2024 as compared with that of previous year.

On the consumption front, the contribution of consumption to economic growth has declined significantly, bringing about a weakening consumer confidence facing the Chinese market in 2024. Consumers have maintained the spending habit of pursuing cost-effective products, leading to a market featuring “price reduction against volume growth”, coupled with worsened competition within the consumer sector.

Against the backdrop of a complex external economic environment and a weakening consumer market, the Group firmly implemented its operational strategy of “Streamlining Organisation, Reducing Costs, Increasing Efficiency and Improving Operational Quality” in 2024, thus achieving remarkable results. Despite revenue fluctuations, the Group accomplished a leapfrogging improvement in profitability in 2024, with significantly improved gross profit margin and net profit as compared with the same period of last year. In 2024, the overall gross profit margin was 30.0%, representing an increase of 3.7 percentage points from 26.3% in the same period of last year. Net profit amounted to RMB36.5 million, representing an increase of 308.1% from a net loss of RMB17.5 million in the same period last year, mainly due to: (i) the proactive efforts to improve the transaction terms with brand partners; (ii) improved margins by striking a balance between the scale of revenues and profitability levels with improved brand and channel structures, coupled with implemented measures such as sustained cost reduction and expense control; and (iii) on the investment and financing side, aggressive efforts to reduce the level of borrowings while receiving interest income and gains from the transfer of equity interests.

Revenue

The Group's overall revenue for 2024 was RMB1,348.4 million, representing a decrease of 22.3% as compared with the same period of last year, which was mainly due to: (i) the Group's efforts to optimise its existing brand and channel structure on a structural basis, including the proactive downsizing of low-margin businesses and the reallocation of resources to higher value-added segments; (ii) the decline in sales of certain Japanese brands due to external environmental factors and individual incidents; and (iii) the intensified competition in the Chinese consumer market due to factors such as weakening consumer confidence, leading to a partial undercut of market share by lower-priced brands.

Revenue by product categories in absolute amount and as a percentage of total revenue

	Year ended 31 December				<i>year-on-year (%)</i>
	2024		2023		
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	
Sales of goods					
Personal care products					
for adults	889,597	65.9	1,120,460	64.5	-20.6
Personal care products					
for babies	126,166	9.4	196,035	11.3	-35.6
Beauty products	110,451	8.2	147,444	8.5	-25.1
Health products	144,669	10.7	183,931	10.6	-21.3
Others	65,941	4.9	72,432	4.2	-9.0
Provision of services	11,576	0.9	15,598	0.9	-25.8
Total	1,348,400	100.0	1,735,900	100.0	-22.3

Revenue by business model in absolute amount and as a percentage of total revenue

	Year ended 31 December				year-on-year (%)
	2024		2023		
	RMB'000	%	RMB'000	%	
Sales of goods					
B2B	649,007	48.1	843,128	48.6	-23.0
General trade	478,701	35.5	571,166	32.9	-16.2
Cross-border e-commerce	170,306	12.6	271,962	15.7	-37.4
B2C	687,817	51.0	877,174	50.5	-21.6
General trade	421,557	31.3	445,447	25.7	-5.4
Cross-border e-commerce	266,260	19.7	431,727	24.9	-38.3
Provision of services	11,576	0.9	15,598	0.9	-25.8
Total	1,348,400	100.0	1,735,900	100.0	-22.3

Sales revenue from personal care products for adults decreased by 20.6% as compared with the same period of last year, mainly due to the decline in revenue from the cross-border business as the Group made strategic structural adjustments to its business by expanding shipments of general trading business due to the profit-driven nature of one personal care product brand for adults.

Sales revenue from personal care products for babies decreased by 35.6% as compared with the same period of last year, mainly due to a decline in revenue resulting from the impact of the declining birth rate, which resulted in lower market demand for personal care products for babies and young children, coupled with intensified market competition.

Sales revenue from beauty products decreased by 25.1% as compared with the same period of last year, mainly because the Group terminated partnerships with certain beauty brands. Besides, in response to a market environment increasingly driven by cost-effective demands, the Group proactively adjusted its marketing strategy to increase marketing efforts for one budget-friendly beauty brand through combo strategies of “budget-friendly best-selling products + targeted marketing”, by which, the brand achieved counter-cyclical growth in 2024, partially made up shortfall in revenue.

Sales revenue from health products decreased by 21.3% as compared with the same period of last year, mainly due to the impact of a specific brand incident, which directly or indirectly affected the Group’s cross-border health and pharmaceutical products in addition to the stockouts of certain best-selling products, resulting in a decline in sales revenue. In the second half of 2024, the Group successfully launched its Canadian proprietary anti-aging health food brand, centered on the active ingredient erythrothioneine, marking a breakthrough from scratch in the development of its proprietary health food brand.

The revenue generated from providing services decreased by 25.8% as compared with the same period of last year, mainly due to the impact of a specific brand incident, which resulted in a decline in service revenue for e-commerce operation business.

Gross Profit and Gross Profit Margin

The overall gross profit margin of the Group in 2024 was 30.0%, representing an increase of 3.7 percentage points from 26.3% in the same period of last year, mainly due to: (i) enhanced transaction terms with brand partners; (ii) optimised brand and channel structure, leading to a higher proportion of high-margin product sales; and (iii) proactive efforts to optimise inventory structure and enhance management, which facilitated the timely clearance of long-aged and low turnover merchandise, and recorded a year-on-year decrease of 50% in inventory write-offs, thereby driving a gradual improvement in gross profit margin.

Gross profit and gross profit margin by product categories

	Year ended 31 December				<i>Change in gross profit margin (%)</i>
	2024		2023		
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	
Sales of goods					
Personal care products for adults	229,223	25.8	240,319	21.4	4.4
Personal care products for babies	45,527	36.1	59,760	30.5	5.6
Beauty products	39,781	36.0	53,556	36.3	-0.3
Health products	49,624	34.3	61,952	33.7	0.6
Others	31,556	47.9	32,960	45.5	2.4
Provision of services	8,984	77.6	8,108	52.0	25.6
Total	404,695	30.0	456,655	26.3	3.7

Gross profit and gross profit margin by business model

	Year ended 31 December				<i>Change in gross profit margin (%)</i>
	2024		2023		
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	
Sales of goods					
B2B	97,048	15.0	111,000	13.2	1.8
General trade	62,626	13.1	76,892	13.5	-0.4
Cross-border e-commerce	34,422	20.2	34,108	12.5	7.7
B2C	298,663	43.4	337,547	38.5	4.9
General trade	153,847	36.5	147,075	33.0	3.5
Cross-border e-commerce	144,816	54.4	190,472	44.1	10.3
Provision of services	8,984	77.6	8,108	52.0	25.6
Total	404,695	30.0	456,655	26.3	3.7

The gross profit margin of personal care products for adults increased by 4.4 percentage points as compared with the same period of last year, mainly due to (i) the efforts to optimise channel operations through refined operational practices and differentiated marketing strategies, which enhanced B2C daily sales, stabilised selling prices, and increased the proportion of sales from higher-margin channels; and (ii) the efforts to actively improve inventory structure, boost turnover rates for merchandise and reduce losses from inventory write-offs and loss on price depreciation.

The gross profit margin of personal care products for babies increased by 5.6 percentage points as compared with the same period of last year, mainly due to the improved overall gross profit margin as the Group's strategic adjustments to its sales approach for key brands by strengthening B2C channel sales and strategically reducing shipments to low-margin B2B channels amid ongoing low level of platform price competition.

The gross profit margin of beauty products decreased by 0.3 percentage point as compared with the same period of last year, mainly due to (i) year-on-year growth in the gross profit margins of the two major brands, by means of targeted marketing strategies such as high-quality content marketing to effectively reach the target consumer base and improve B2C channel operational efficiency; and (ii) partially offset by certain loss in gross profit margin due to inventory optimisation, including accelerated clearance of brands with poor expiry date.

The gross profit margin of health products increased by 0.6 percentage point as compared with the same period of last year, mainly due to (i) the improved gross profit margin of best-selling products driven by the efforts to proactively optimise the sales strategy and expand channel for OTC pharmaceutical products; (ii) the improved overall gross profit margin arising from the higher gross margin of proprietary brands, whose incubation started to bear fruits; and (iii) partially offset by loss of gross profit margin attributable to the stockouts of certain cross-border products with high gross profit.

OPERATING PROFIT/(LOSS) AND EARNINGS/(LOSS) PER SHARE

For 2024, the operating profit of the Group was RMB27.8 million (compared with the loss of RMB7.9 million for the same period of last year), mainly due to (i) the cost control measures, including a decrease of RMB40.0 million (decreased by 24.2%) in logistics expenses as compared with the same period of last year, and a decrease of RMB14.3 million (decreased by 10.1%) in promotion and advertising expenses driven by the optimisation of market promotion expenses and the improvement of promotion efficiency; (ii) the continuous improvement in employee productivity, including a decrease of 7.2% in human resource costs as compared with the same period of last year; (iii) the enhanced management of overdue ageing recoveries, resulting in a provision for impairments of bad debts of RMB11.3 million, representing an improvement of RMB11.7 million as compared with the same period of last year; and (iv) improvement inventory turnover rate for merchandise and reversal of impairment for inventories of RMB17.6 million.

In 2024, the earnings per share of the Company was RMB0.23, compared with the loss per share of RMB0.11 in 2023.

LIQUIDITY AND FINANCIAL RESOURCES

In 2024, the Group mainly used cash generated from operations and bank borrowings to meet its cash demand. As at 31 December 2024, cash and cash equivalents were RMB438.6 million, representing an increase of RMB100.2 million year-on-year (as at 31 December 2023, cash and cash equivalents were RMB338.4 million). Cash and cash equivalents include monetary funds, bank deposits and other short-term highly liquid investments with original maturities of up to three months. Most of the Group's cash and cash equivalents are presented in Renminbi, US Dollar and Japanese Yen.

The summary of the Group's cash flows in 2024 and 2023 are as follows:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from operating activities	172,188	143,745
Net cash used in investing activities	(78)	(29,659)
Net cash used in financing activities	(71,364)	(193,853)
Net increase/(decrease) in cash and cash equivalents	100,746	(79,767)
Opening cash and cash equivalents	338,397	417,642
Effect on exchange rate difference	(567)	522
Closing cash and cash equivalents	438,576	338,397

Net cash generated from operating activities was RMB172.2 million, mainly calculated as cash generated from operations of RMB166.9 million and receipt of tax refund after income tax settlement of RMB5.3 million. The improved overall cash flow from operating activities in 2024 as compared with the same period was mainly due to the Group's proactive efforts in improving the inventory turnover rate and reducing the use of inventory for funding while improving the payment terms for goods, thus releasing more cash flow in 2024.

Net cash used in investing activities was RMB0.08 million, mainly used for the purchase of daily office equipment.

Net cash used in financing activities was RMB71.4 million. The Group's cash flow improved in 2024, mainly due to the active reduction in asset liability ratio, active repayment of borrowings and interest of RMB35.2 million, dividend payment of an equivalent amount of RMB37.7 million and inflow of investment from minority shareholders of RMB1.5 million.

CAPITAL STRUCTURE

As at 31 December 2024, the gearing ratio of the Group was -32.5% (31 December 2023: -14.6%), which was calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including interest-bearing borrowings and lease liabilities) less cash and cash equivalents, and liquid investments which are financial assets at fair value through profit or loss. The Group maintains a relatively low gearing ratio with a low level of total borrowings, while maintaining a relatively sufficient cash on hand.

BANK AND OTHER BORROWINGS, CHARGES ON ASSETS

The Group adopted proactive financing policies. As at 31 December 2024, the Group's total borrowings were RMB200.4 million, with year-on-year decrease of total borrowings by RMB22.6 million (31 December 2023: total borrowings of RMB223.0 million). The borrowings mainly consist of bank borrowings, of which borrowings of an equivalent of RMB168.0 million were guaranteed by the Company and its subsidiaries. As at 31 December 2024, the Group's borrowings were primarily at fixed interest rates.

As at 31 December 2024, the Group had unutilised banking facilities of RMB211.3 million.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

In 2024, the capital expenditure of the Group was RMB0.1 million (2023: RMB1.0 million). As at 31 December 2024, the Group had no material capital commitment.

FUTURE PLANS OF MAJOR INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2024, the Group did not have any other plans for major investments and capital assets.

SIGNIFICANT INVESTMENTS HELD

The Group did not hold any significant investments in any other companies' equity interest in 2024.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have material acquisition and disposal of subsidiaries, associates and joint ventures in 2024.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had a total of 217 employees, most of whom were resident in China, including Shanghai, Hangzhou and Beijing, and others were resident in Japan. The remuneration offered by the Group is determined with reference to the market conditions and the performance, qualifications and experience of employees. Based on the performance of the Group and employees, the Group offers competitive remuneration packages to retain employees, including salaries, discretionary bonuses and benefit plans. In addition to on-the-job training, we also adopt a training policy to provide employees with various internal and external training. During the year ended 31 December 2024, the relationship between the Company and its employees was stable. We were not subject to any strikes or other labor disputes that had a significant impact on the business activities.

FOREIGN EXCHANGE RISK

In 2024, the Group mainly operated its businesses in mainland China, with most transactions settled in Renminbi. Foreign exchange risk means the risk of loss arising out of changes in foreign exchange rates. Fluctuations in exchange rates between Renminbi and other currencies used for the Group's business operations may have an impact on the financial position and results of operations. The foreign exchange risk to which the Group are exposed mainly arises from the changes in the exchange rates of US Dollar and Japanese Yen against Renminbi.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities.

SUBSEQUENT EVENTS

After 31 December 2024 and up to the date of this announcement, the Group did not have any material subsequent events.

OUTLOOK

In 2025, the external environment is still filled with adverse factors, such as the uncertain international situation and sluggish consuming willingness. In its operation in 2025, the Group will implement the following measures with diligence:

1. Regarding the existing e-commerce operation services business, we will continue to implement the "Efficiency Revolution" by virtue of refined operations, cost reduction and efficiency improvement, coupled with digital empowerment, deepened application of AI technologies and other measures, to pursue high-quality and efficient operations, thus to realise in-depth value creation shifted from scale competition;
2. On the other hand, while consolidating the foundation of our existing business, we will advance the implementation of our dual-strategy of "innovation", aiming to rapidly expand the revenue scale of our propriety brands and achieve a second growth curve through mergers and acquisitions and other initiatives; and
3. On the channel front, we will diversify our regional and channel footprint, further explore overseas expansion opportunities in regions such as North America and Southeast Asia.

The mature operational expertise and technical capabilities accumulated over the years underpin the Group's strategic implementation. We are confident in navigating cyclical uncertainties and achieving stable and sound growth in 2025.

USE OF PROCEEDS FROM LISTING

The Company was listed on the Main Board of HKEX on 12 July 2021 (the “**Listing Date**”) with total net proceeds from the listing of approximately HK\$320 million after deducting underwriting fees, commissions and estimated expenses. The proceeds from listing have been and are proposed to be applied in accordance with the plans as disclosed in the section headed “Future Plans and Use of Proceeds” of the prospectus of the Company dated 28 June 2021 (the “**Prospectus**”).

Reference is made to the announcement of the Company dated 23 December 2024 (the “**Announcement**”), and after careful consideration and detailed evaluation of the Group’s operations and business strategies, the Board has resolved to change the intended use of the unutilised net proceeds with an updated expected timeline of full utilisation. For further details of “Reasons for and Benefits of the Change in Use of Proceeds”, please refer to the Announcement. The specific utilization is as follows:

Item	Approximate percentage of total amount (%)	Amount of net proceeds allocated upon listing (HK\$ million)	Unutilised amount as at 30 June 2024 (HK\$ million)	Revised allocation of net proceeds according to the Announcement (HK\$ million)	Revised allocation of unutilised net proceeds according to the Announcement (HK\$ million)	Utilised amount during the year ended 31 December 2024 (HK\$ million)	Utilised amount as at 31 December 2024 (HK\$ million)	Unutilised amount as at 31 December 2024 (HK\$ million)	Expected timeline for balance of net proceeds
For investing in social media marketing and advertising, growing proprietary brands, diversifying brand portfolios and strengthening supply chain management	54.3%	174	27	174	27	41	169	5	By 31 December 2027
For diversifying our brand and product offerings for health products, in particular OTC drugs	15.7%	50	0	50	0	0	50	0	Not applicable
For enhancing our technology systems and data analytics capabilities	7.0%	22	5	22	5	4	19	3	By 31 December 2027
For pursuing strategic investments in technology companies and O2O service providers	0.0%	42	42	0	0	0	0	0	Not applicable
For working capital and general corporate uses	10.0%	32	0	32	0	0	32	0	Not applicable
For acquisitions and pursuing strategic investments and cooperations with brands in health and beauty industry	13.0%	0	0	42	42	0	0	42	By 31 December 2027
Total	100%	320	74	320	74	45	270	50	

Save as disclosed above, since the Listing Date, the Group has not utilised any other portion of the net proceeds and will gradually utilise the remaining net proceeds in accordance with the intended purposes as stated in the Prospectus and the Announcement. The remaining net proceeds are expected to be fully utilised by 31 December 2027. The expected timeline is based on the best estimation of future market conditions and business operations made by the Company currently, and remains subject to change based on future development of market conditions and actual business needs.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any).

CORPORATE GOVERNANCE CODE

The Group 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 Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules as its own code of corporate governance. During the year ended 31 December 2024, save as disclosed as follows, the Company has complied with all applicable code provisions as set out in the CG Code. The Company will continue to review and monitor its corporate governance practices to ensure the compliance with the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman of the board and chief executive officer should be separate and performed by different individuals.

The roles of chairman of the Board and chief executive officer of the Company are currently performed by Mr. WANG Yong. In view of Mr. WANG Yong's substantial contribution to the Group since its establishment and his extensive experience, the Group considers that having Mr. WANG Yong acting as both the chairman of the Board and chief executive officer of the Company will provide strong and consistent leadership to the Group and facilitate the efficient execution of business strategies of the Group. The Group considers it appropriate and beneficial to the Group's business development and prospects that Mr. WANG Yong acts as both the chairman of the Board and chief executive officer of the Company, and therefore currently does not propose to separate the functions of chairman of the Board and chief executive officer of the Company.

While this would constitute a deviation from code provision C.2.1 of the CG 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) there are sufficient checks and balances in the Board, as a decision to be made by the Board requires approval by at least a majority of the Directors, and the Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. WANG Yong 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 Board which comprises experienced and high caliber 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 Board and senior management. 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 of the Company is necessary.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding Directors’ securities transactions. Having made specific inquiries with all the 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 year ended 31 December 2024.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK\$0.50 per share for the year ended 31 December 2024 (2023: Nil). The final dividend is intended to be paid out of the share premium account of the Company. Subject to the approval of shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company (the “**AGM**”) to be held on 26 June 2025, the final dividend is expected to be paid on 16 July 2025 to the Shareholders whose names appear on the register of members of the Company on 7 July 2025.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to attend the AGM, the register of members of the Company will be closed from 23 June 2025 to 26 June 2025 (both days inclusive). To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 20 June 2025.

For determining the entitlement of the Shareholders to receive the final dividend, the register of members of the Company will also be closed from 3 July 2025 to 7 July 2025 (both days inclusive). To be eligible to receive the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 2 July 2025.

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) comprising three independent non-executive Directors, namely Mr. NG Kam Wah Webster (chairman), Mr. WEI Hang and Ms. XIN Honghua. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting system, risk management and internal control procedures. The Audit Committee has reviewed the audited consolidated annual results of the Group for the year ended 31 December 2024.

AUDIT SCOPE OF INDEPENDENT AUDITOR

The financial figures in respect of the Group's consolidated balance sheet, consolidated statements of comprehensive income and the related notes thereto for the year ended December 31, 2024, as set out in the preliminary announcement have been agreed by the Company's independent auditors, BDO Limited, to the amounts set out in the Company's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by BDO Limited on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT 2024

This annual results announcement is published on the websites of HKEX (www.hkexnews.hk) and the Company (www.youquhui.com), and the annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be sent to the Shareholders and published on the above websites in due course.

By order of the Board
UNQ HOLDINGS LIMITED
WANG Yong
Chairman

Hong Kong, 28 March 2025

As of the date of this announcement, the executive Directors are Mr. WANG Yong, Mr. SHEN Yu and Ms. CHEN Weiwei; the non-executive Director is Mr. NAKAYAMA Kokkei; and the independent non-executive Directors are Mr. NG Kam Wah Webster, Mr. WEI Hang and Ms. XIN Honghua.