西牛证券 WESTBULL SECURITIES | RESEARCH

24 AUG, 2026

Qunabox Group | 00917.HK

Legacy Terminal Base Enters AI Monetisation Cycle; High-Margin Segment Poised for Re-Rating

STOCK RATING	TARGET PRICE
BUY	HK$ 16.61

Qunabox (00917.HK) is a China physical AI marketing service provider that uses its self-operated, offline smart-terminal network as a carrier to deploy the "Omni-sensory Physical AI Agent" capability system into real consumption scenarios, providing FMCG brands with AI Standard Marketing Services and AI Customized Marketing Services centered on new-product marketing as the core entry point. In 1H 2026, the Group generated total revenue of RMB826mn, of which the share of AI Customized Marketing Services rose to 16.1%, lifting overall gross margin to 59.3%.

Earnings and valuation drivers: Near-term earnings growth is derived mainly from rising penetration of AI Customized Marketing Services. Of the Group's 236 brand clients in 1H 2026, around 51 currently subscribe to AI services, and AI Customized Services carry a gross margin in excess of 90%, far exceeding the level of traditional AI Standard Marketing Services. As penetration rises, this is expected to drive continued optimization of the Group's overall gross-margin structure. Based on our discussions with the Group, AI Customized Marketing Services revenue growth this year is expected to reach approximately 50% and is set to become the core earnings-growth driver for 2026 to 2028. Average annual revenue per terminal rose 3.9x from 2021 to 2025; driven by AI Customized Marketing Services, annual revenue per terminal is expected to rise further, positioning the Group to raise operating leverage with limited capital investment. Over the longer term, overseas (Singapore, Middle East, etc.) AI indoor entertainment space projects still carry uncertainty over their launch timetable and monetization model, but should the pilot model be validated, this is expected to bring the Group a medium-to-long-term second growth curve.

Valuation and recommendation: We initiate coverage of Qunabox with a "Buy" rating and a TP of HK$16.61, and judge that the current valuation offers an attractive risk-reward profile. We believe the Group's net cash reserves provide sufficient protection against downside risk, while its fast-growing, high-margin AI Customized Marketing business has not been reasonably priced. Once the market comes to recognize its low-capital-intensity, high-margin business characteristics, this is expected to carry re-rating potential.

Key risks: i) AI service penetration ramping slower than expected, affecting the pace of gross-margin structural optimization; ii) continued contraction in placement demand from legacy FMCG categories (beverages, food) in the outdoor advertising channel; iii) traditional outdoor media leaders extending into other segments, intensifying competition; iv) slower-than-expected progress in overseas business expansion

INITIATION

H F NGO, Brian, CFA

SENIOR ANALYST

brianngo@westbullsec.com.hk

+852 3896 2965

2701 – 2703, 27/F, Infinitus Plaza, 199 Des Voeux Rd Central, Sheung Wan, HK

Qunabox Group (00917.HK)	
Stock Rating (Previous Rating)	BUY (-)
Target Price (Previous TP)	HK$ 16.61 (-)
Current Price	HK$ 7.900
52-Week Range	HK$ 7.275 - HK$ 91.950
Market cap. (HKD, bn)	HK$ 2.1

RMB, mn	25 (A)	26 (E)	27 (E)	28 (E)
Revenue	1,663.2	2,019.5	2,347.6	2,654.4
Gross Profit	953.3	1,198.5	1,447.3	1,686.5
Gross Margin	57.3%	59.3%	61.6%	63.5%
Profit Attr.	285.7	366.2	502.2	613.0

Table of Contents

BUSINESS OVERVIEW 3
COMPANY BACKGROUND 11
INDUSTRY OVERVIEW 12
INVESTMENT THESIS 16
FORECAST & VALUATION 20
PEERS COMPARISON 22
RISK FACTORS 22
FINANCIAL STATEMENT 23

Business Overview

Qunabox (00917.HK) is a China physical AI marketing technology service provider. The Group uses its offline smart-terminal network, deployed nationwide across core consumption scenarios, as the physical carrier for its "Omni-sensory Physical AI Agent" technology system. In deep coordination with the "Quna" online digital matrix, the Group provides FMCG brands with an omni-channel (O2O) integrated smart-marketing solution spanning the full lifecycle of a new product.

Fig: Hardware modules of the vending machines



Source: Company Data

The Group's terminals are not traditional unmanned vending machines, but smart marketing hardware terminals that combine the functions of "product display, AI interaction and data collection," equipped with the following core modules:

Fig: Modules installed on Qunabox's (00917.HK) vending machines

Module	Function
Dual visual-interaction cameras	Supports facial recognition, gender/age determination, gesture recognition, body-movement tracking and object recognition, used to trigger personalized interactive content
HD touchscreen with same-screen split display	Supports simultaneous display of different content and multi-person, same-screen linked interaction
Voice-interaction module	Supports voice recognition, applied to real-time voice interaction
Fragrance-spray module	Programmable control of spray timing and intensity, used to accompany new-product launches with multi-sensory experiences
RGB programmable ambient lighting	Cloud-based remote adjustment of lighting colour and rhythm, matching brand themes or festive activities to create ambience
Dynamic adjustable product lanes	Adjustment of lane width to accommodate different specifications and irregularly shaped new products
AI industrial control console	Supports edge computing, automated work-order processing and multiple AI capabilities (facial lock-on, beautification algorithms, object recognition, etc.), and enables remote, real-time monitoring and management of terminals via IoT technology

Source: Company Data, West Bull Securities

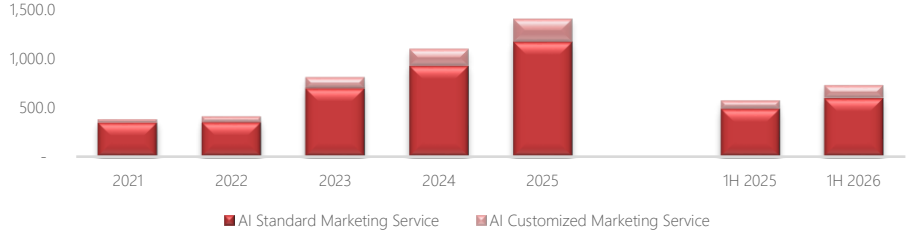
Qunabox's smart interactive terminals are underpinned by "Omni-sensory Physical AI Agent" technology, combined with the operating philosophies of "one strategy per location" (dynamically adjusting product mix according to location) and "one face per machine" (presenting differentiated interactive content according to scenario), upgrading traditional vending machines into marketing terminals that combine media exposure, interactive experience and data-collection functions. Based on its terminal network and online platform, the Group mainly provides three types of services: Marketing Services (AI Standard Marketing Services + AI Customized Marketing Services), Product Sales (selling client products to individual consumers via vending machines), and Other Services (such as IT system development). AI Services utilization remains low, but contributed 8.8% and 15.9% (excluding other value-added services) of total revenue in 2025 and 1H 2026 respectively, at a gross margin exceeding 90% — far higher than AI Standard Marketing Services. Management positions AI Services as the core engine of earnings growth. The Group's fee model is calculated on a project basis; Marketing Services are generally priced according to indicators such as the number of terminals used, service requirements, campaign duration and exposure rate.

Marketing Services

Qunabox's core business is Marketing Services, serving mainly FMCG brand clients, particularly those concentrated in high-frequency consumption categories such as beverages, food, beauty and personal-care products. The Group deploys its self-operated smart interactive terminals in office buildings, apartments, schools and shopping malls and other high-repeat-footfall scenarios, combining these with the "Quna" app and WeChat mini-program so that consumers can receive campaign information online, complete designated tasks, place orders or obtain products at trial pricing, and complete collection, interaction and feedback submission offline at the terminal. For brand clients, the value of this model lies not only in improving new-product exposure and sampling efficiency, but, more importantly, in upgrading traditional offline sampling into a trackable, quantifiable, data-accumulating interactive consumer-engagement tool.

The Group's Marketing Services can be divided into two categories: AI Standard Marketing Services and AI Customized Marketing Services. AI Standard Marketing Services remain the primary revenue source, while AI Customized Marketing Services represent the future earnings-growth driver. In 1H 2026, Qunabox's Marketing Services revenue was approximately RMB724.9mn, of which AI Standard Marketing Services revenue was approximately RMB591.5mn and AI Customized Marketing Services revenue was approximately RMB133.4mn.

Fig: Qunabox's Marketing Services revenue (RMB, mn)



Source: Company Data, West Bull Securities

- AI Standard Marketing Services

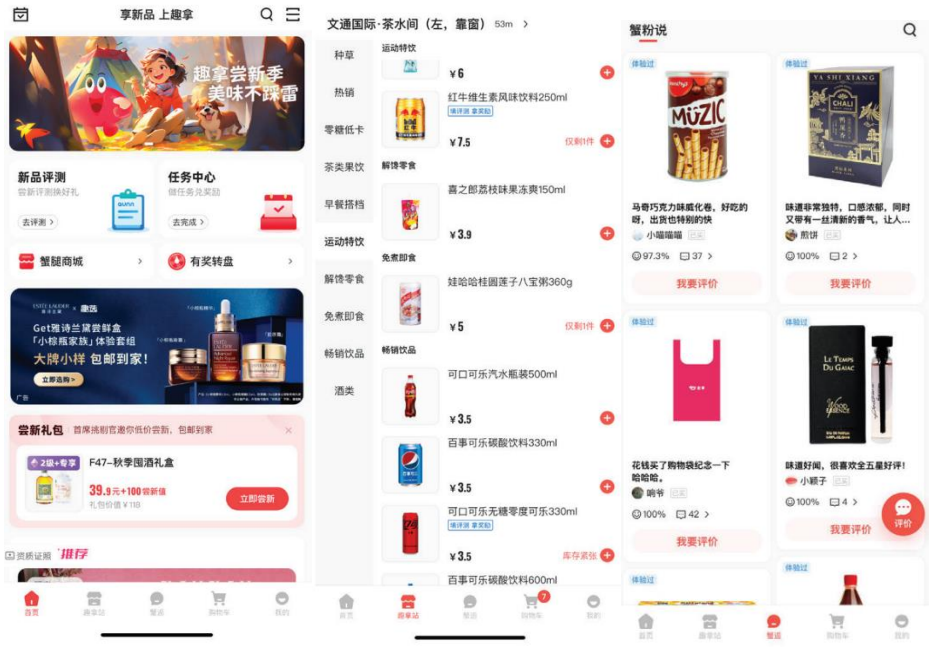
AI Standard Marketing Services is Qunabox's foundational marketing product. Through its self-operated smart-terminal network and online platform, it provides FMCG brand clients with an integrated marketing solution covering campaign planning, multi-channel media exposure, product sampling and consumer-data collection. AI Standard Marketing Services takes "new-product marketing" as its core entry-point scenario while simultaneously addressing clients' needs for "brand and product awareness and customer acquisition." It leverages information from clients' genuine interactions and behaviour to quantify client feedback on new products, addressing clients' research needs before the official launch of new products.

Fig: LCD screen display, vending-machine exterior display, online-platform display



Source: Company Data

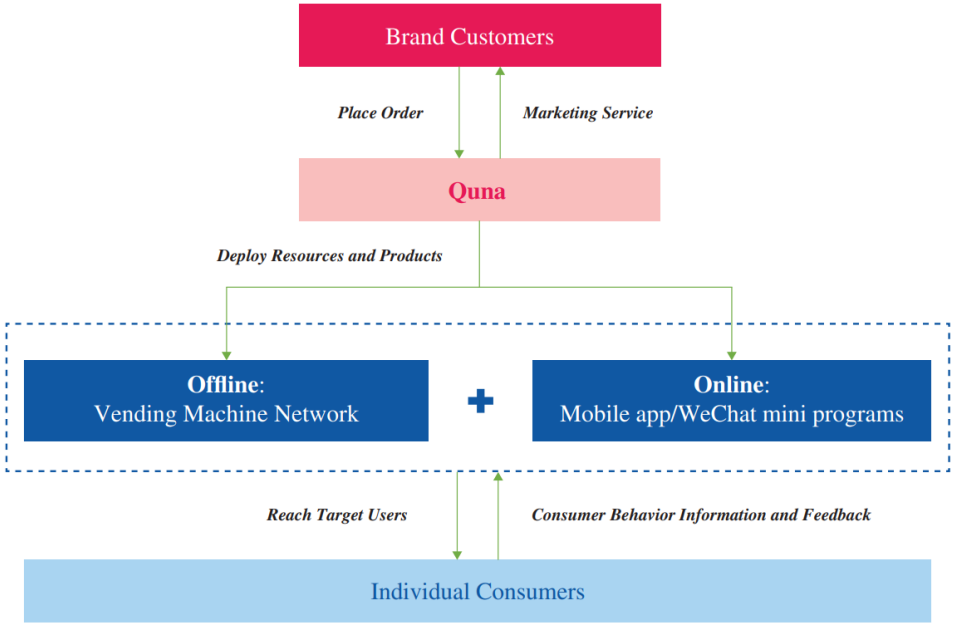
Fig: Quna app interface



Source: Company Data

The execution process of AI Standard Marketing Services mainly comprises four main stages: i) the brand client raises a marketing requirement, such as a new-product launch, taste test or promotion; ii) the Group determines terminal locations, the product display/sales plan and online marketing services based on the target consumer group, scenario characteristics and client requirements; iii) consumers make contact with the product through online or offline channels; and iv) the Group returns interaction and feedback data to the brand client for evaluating campaign effectiveness and optimizing subsequent placements. The entire process is anchored by the self-operated terminal network and online platform as the core carrier, integrating offline physical touchpoints with online task conversion into a single, closed-loop service.

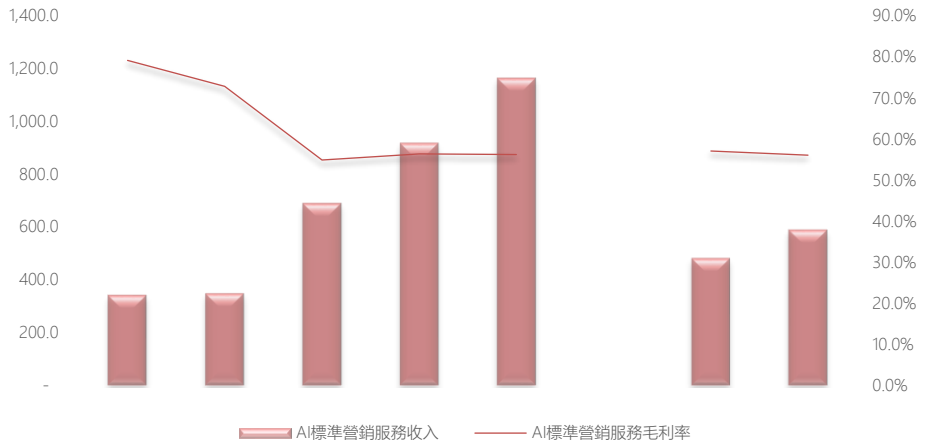
Fig: Group's business workflow



Source: Company Data

In terms of pricing, the Group charges brand clients a project-based service fee for AI Standard Marketing Services, considering factors including project scale, duration, complexity, scope of work, labour, venue and media resource costs, the number of vending machines used, coverage locations, and other bespoke requirements. The Group's AI Standard Marketing business has now reached maturity, with total revenue growing from RMB343mn in 2021 to RMB1.17bn in 2025, and gross margin over the past three years stable at around 55% – 56%.

Fig: AI Standard Marketing Services revenue and gross margin (RMB, mn)



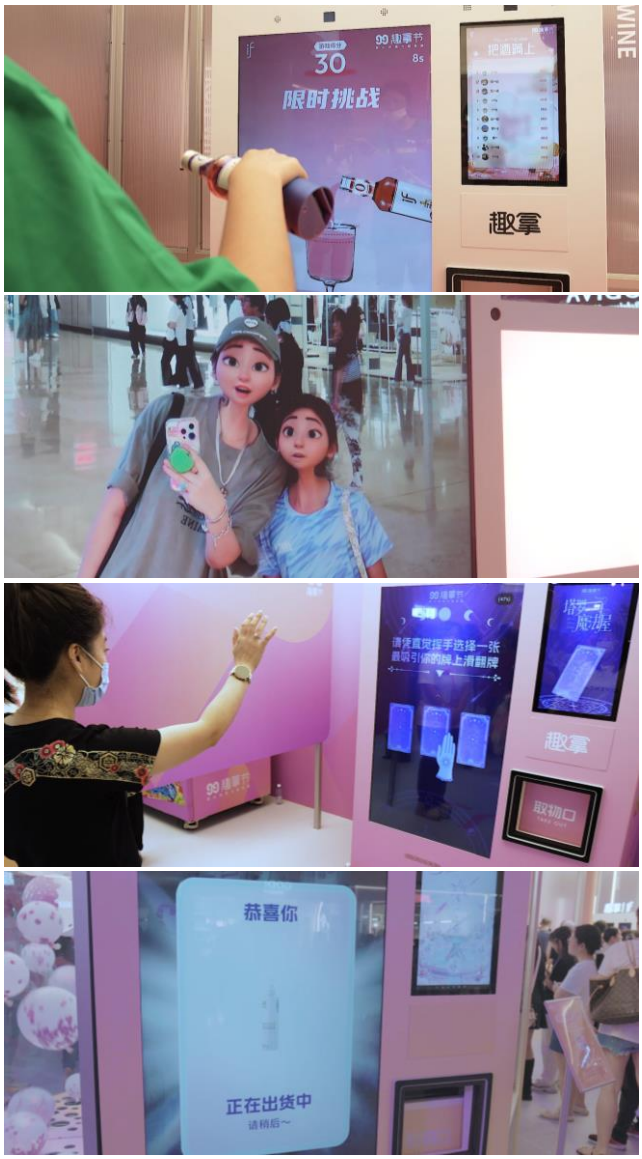
Source: Company Data, West Bull Securities

■ AI Customized Marketing Services

AI Customized Marketing Services is a customized high-value-added product built by Qunabox on top of AI Standard Marketing Services, addressing brand clients' needs to "deepen impression and optimize strategy," delivered at a premium as AI interactive-experience marketing services. The Group positions this as its "Omni-sensory Physical AI Agent" technology system, driving the terminal's perception, decision-making and content-generation capabilities through a "1 foundation + 1 hub + 2 engines" architecture — AI-Omni (foundation), Q-Agent (edge-side decision-making hub), Q-Sense (omni-sensory multimodal interaction engine) and Q-Gen (generative spatial-narrative engine). Compared with AI Standard Marketing Services, AI Customized Marketing Services place greater emphasis on immersive, gamified and multi-sensory interactive experiences. Brand clients may choose interactive, immersive thematic activities designed and launched by the Group, along with data-strategy services that evaluate products such as product design, packaging, fragrance, price and consumption scenarios, helping brands optimize positioning, content design and campaign planning. The latest service offerings have evolved from early interactive modules into a "technology + data" combined product that includes digital-content generation, AI shopping assistance, selling-point extraction and predictive scoring.

The domain-adapted multimodal model layer, AI-Omni, serves as the underlying model base, drawing on accumulated active-user and marketing data to support the three functions of perception, decision-making and generation. Built on this foundation, Q-Agent handles edge-side autonomous decision-making and task scheduling, embedding sub-agents for recognition, recommendation, content strategy, inventory judgment, interaction control and placement optimization, capable of autonomously assessing on-site scenarios and replicating at scale across locations. Q-Sense coordinates multimodal interactive hardware — screens, audio, lighting and fragrance terminals — and collects user-experience data. Q-Gen generates suitable graphic, audio-visual narrative content and market-insight material in real time, based on scenario instructions.

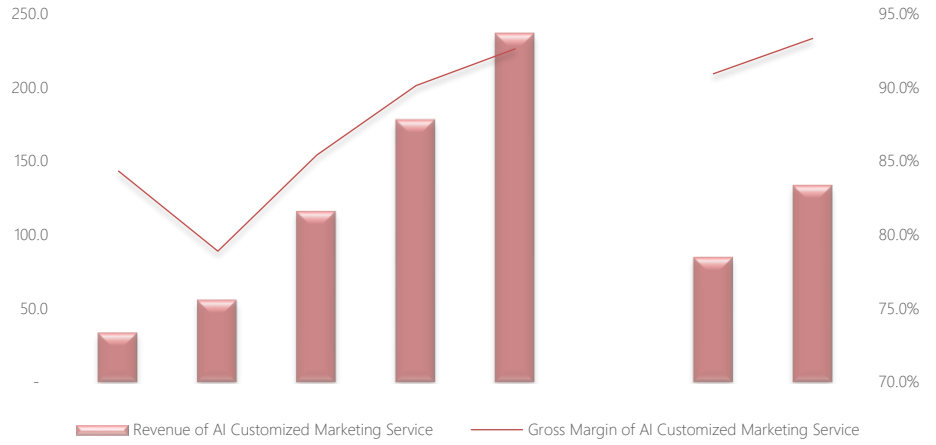
Figure: Examples of AI Customized Marketing Services



Source: Company Data

In 1H 2026, the number of clients that had accessed AI services was 51, representing approximately 21.6% of the Group's 236 total marketing clients. Over the same period, AI Customized Marketing Services contributed revenue of approximately RMB130mn revenue. Based on our understanding, AI service utilization remains at a low level. AI Customized Marketing Services are also charged on a project-based service-fee model, but at a higher fee baseline than AI Standard Services, as delivery content extends to higher-value-added segments such as bespoke AI interactive modules, immersive content generation, AI digital shopping guides and data-strategy analysis, achieving a gross margin of approximately 93.3%, far higher than Standard Marketing Services.

Fig: AI Customized Marketing Services revenue and gross margin (RMB, mn)



Source: Company Data, West Bull Securities

- Smart Retail

The Group also retails FMCG products directly to individual consumers through its self-operated smart-terminal network and online platform, covering categories such as beverages, food, personal-care products and cosmetics. The Group purchases products outright from brand clients and then sells them to end consumers, earning the price spread. Under this product-sales model, the Group bears inventory risk itself, purchasing goods before selling them on, with revenue and gross profit directly reflecting the difference between retail pricing and procurement cost.

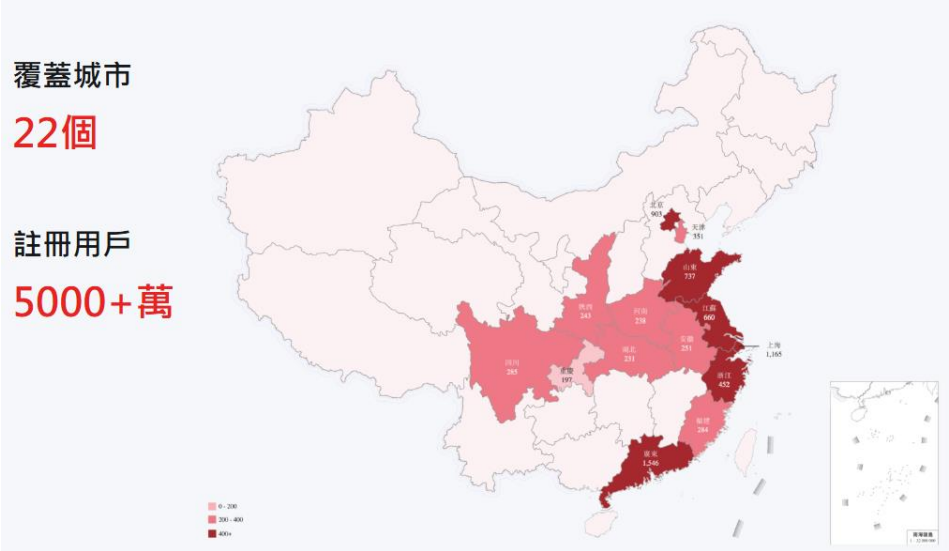
- Other Services

IT technical development services are provided to enterprise clients, covering technical support and platform maintenance to ensure the stable operation of their digital systems.

- Terminal Network and Geographic Coverage

As at the end of 2025, the Group operated over 7,000 vending machines across 22 cities nationwide, concentrated mainly in Tier-1 and Tier-2 cities with stronger consumption power, including Beijing, Shanghai, Guangzhou and Shenzhen. The Group currently has no expansion plans, and the phased hardware-upgrade cycle is nearing completion; total terminal count peaked in 2023 and has remained broadly stable since. Terminals are deployed primarily in locations with high repeat-visitor rates, such as office buildings, apartments, malls and schools, targeting the "new middle class" and younger consumers represented by Gen Y/Z. Terminals are designed in-house and manufactured by third parties, with an annual retirement rate of approximately 20% and an annual per-unit maintenance cost of approximately RMB1,000 to RMB2,000.

Fig: Group's vending-machine coverage network

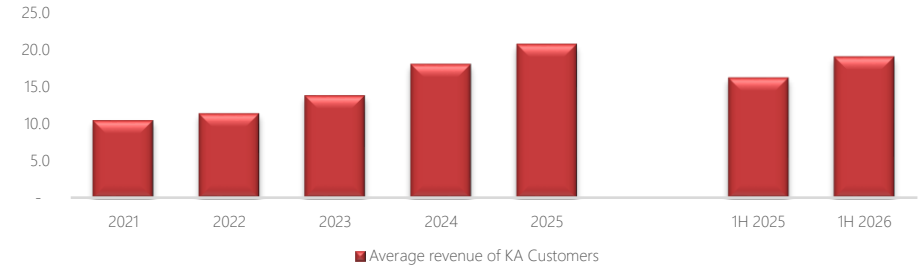


Source: Company Data

- Number of Customers and Client Value

In 1H 2026, the Group had 236 brand clients, with the number of Key Accounts at 29 and an average Key Account value of approximately RMB19mn.

Fig: Average annual revenue per Key Account (RMB, mn)

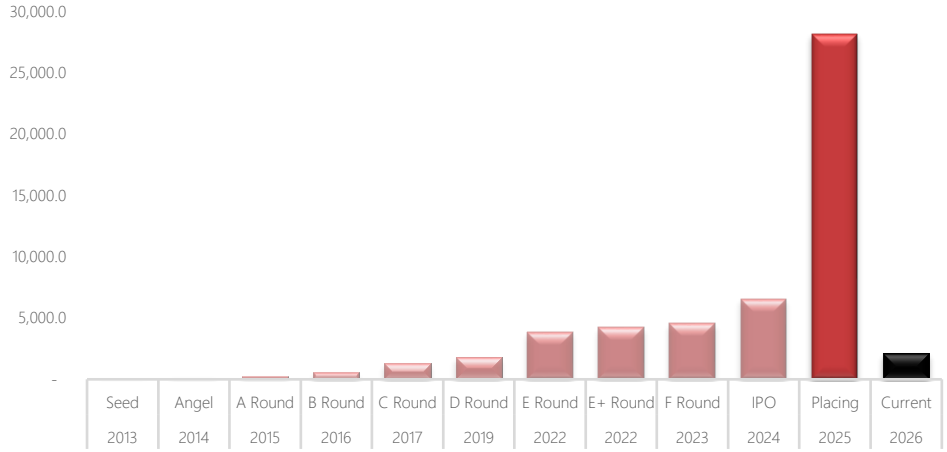


Source: Company Data, West Bull Securities

Company Background

Founder, one of the controlling shareholders, Chairwoman, CEO and Executive Director Ms. Yin Juehui, together with co-founders Ms. Yin Juelian, Mr. Cao Liwen and Mr. Wu Wenhong, founded the core operating entity Shanghai Qunabox in 2013. Between October 2013 and June 2023, the Group completed nine rounds of financing: Seed, Angel, Series A, B, C, D, E, E+ and F. In May 2024, the Group listed on the Main Board of The Stock Exchange of Hong Kong at an IPO price of HK$25.0 per share, equivalent to a valuation of approximately HK$6.57bn.

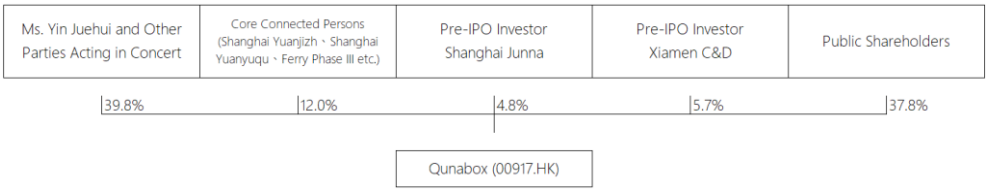
Fig: Group's financing-round valuations (HK$, mn)



Source: Company Data, West Bull Securities

As of end-July 2026, Ms. Yin Juehui and other parties acting in concert held approximately 40% of the Group's equity in aggregate, while other core connected persons (including Shanghai Yuanjizhi, Shanghai Yuanyuqu and Ferry Phase III) held approximately 12%.

Fig: Company structure



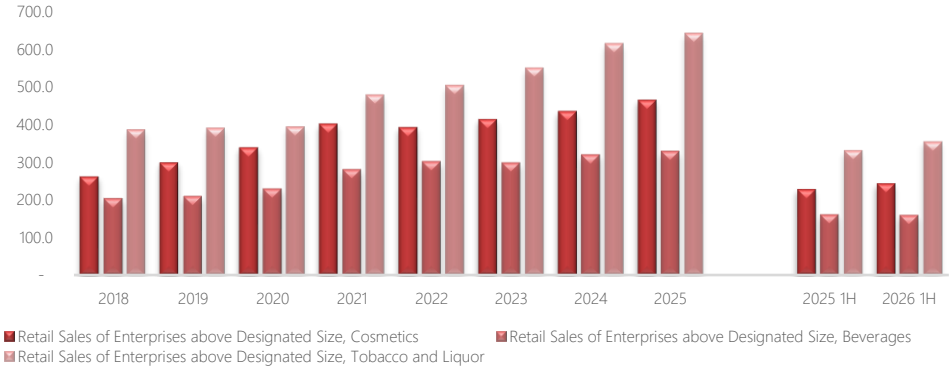
Source: Company Data, West Bull Securities

Industry Overview

China FMCG Retail Sales Industry Overview

According to National Bureau of Statistics data, retail sales of cosmetics and tobacco/alcohol products have continued to grow, reaching RMB465.3bn and RMB642.5bn respectively in 2025, with 2018 – 2025 CAGRs of 8.6% and 7.4% respectively. In 1H 2026, both categories grew YoY by 6.7% and 7.0% respectively. Growth in beverage products has been slower, remaining flat since 2023, and declined slightly by 1.1% YoY in 1H 2026.

Fig: China retail sales value of i) cosmetics, ii) beverages, iii) tobacco/alcohol categories (RMB, bn)



Source: National Bureau of Statistics, West Bull Securities

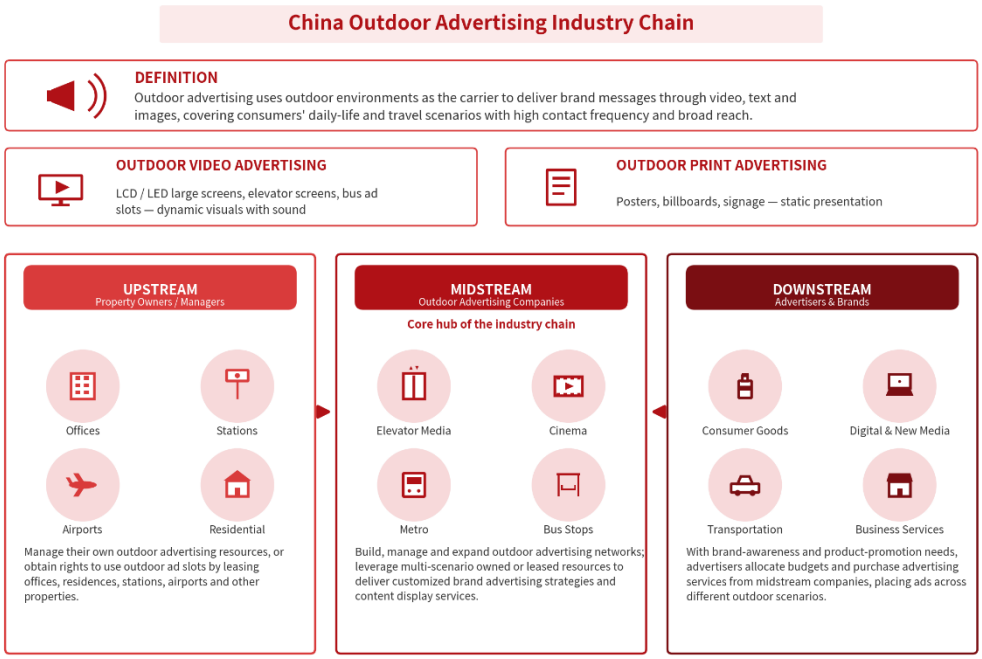
China Advertising Industry Trends

According to CTR research, overall advertising spend in 1H 2026 rose 8.5% YoY. Within this, food-industry advertising spend rose 15.1% YoY, while the beverage industry declined overall by 6.9%. Currently, more than 90% of advertisers have adopted AI marketing tools, but more than 60% report unsatisfactory returns. The core issue is that most enterprises still regard AI merely as a cost-reducing, efficiency-enhancing "image and copy-generation tool," rather than incorporating it as a strategic-level media consideration.

China Outdoor Advertising Industry Overview

Outdoor advertising refers to advertisements that use the outdoor environment as a carrier, conveying brand and product information to audiences through video, text and images. It is divided mainly into outdoor video advertising (including LCD/LED displays, elevator displays, bus advertising spaces, etc., conveying information via dynamic imagery and audio) and outdoor print advertising (posters, billboards, signage and other static images or text). The upstream of the industry chain comprises mainly real-estate management companies or owners, who generally lease the usage rights of outdoor advertising locations to clients; the midstream comprises mainly outdoor advertising enterprises, responsible for managing the media network and providing advertising production, strategy formulation or content-display services; and the downstream comprises advertisers and brand clients spanning industries such as consumer goods, entertainment and leisure, real estate and consumer electronics.

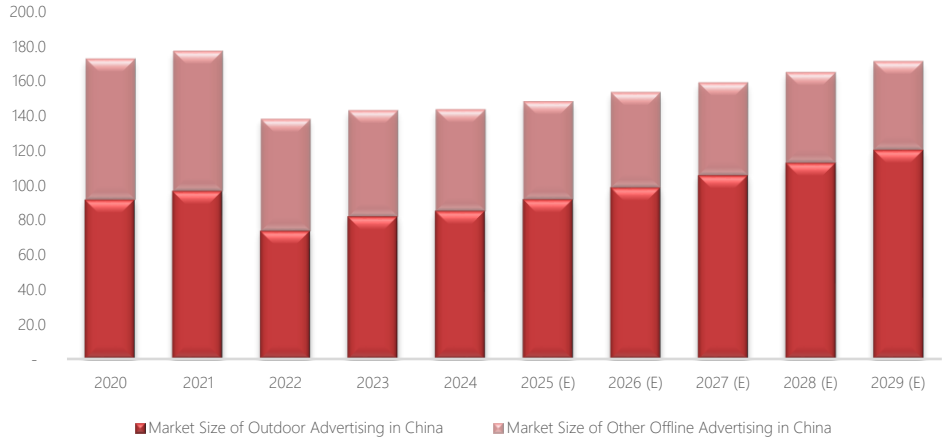
Fig: China outdoor advertising industry



Source: China Advertising Association, West Bull Securities

According to the China Advertising Association, China's advertising market was valued at approximately RMB1.57tn in 2024, with a 2020 – 2024 CAGR of 10.8%. In the same year, China's offline advertising market was valued at approximately RMB143.71bn, of which outdoor advertising accounted for approximately 59.3%, or RMB85.22bn. Outdoor advertising's share of China's offline advertising market has continued to rise, reflecting its emergence as the primary driver of the offline market amid the continued decline of broadcast television and print media.

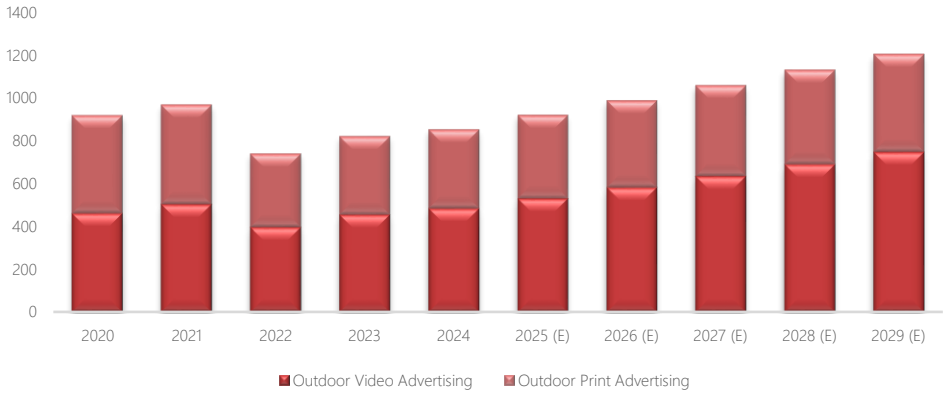
Figure: China advertising market size (RMB, bn)



Source: China Advertising Association, West Bull Securities

By advertising format, China's outdoor video advertising market was valued at approximately RMB48.32bn in 2024, with its share of total outdoor advertising rising further to 56.7%. Over the 2020 – 2024, China's outdoor video advertising CAGR was approximately 1.2%, while outdoor print advertising recorded a CAGR of -5.2% over the same period. Digital, interactive media is displacing static media as the industry's main growth engine.

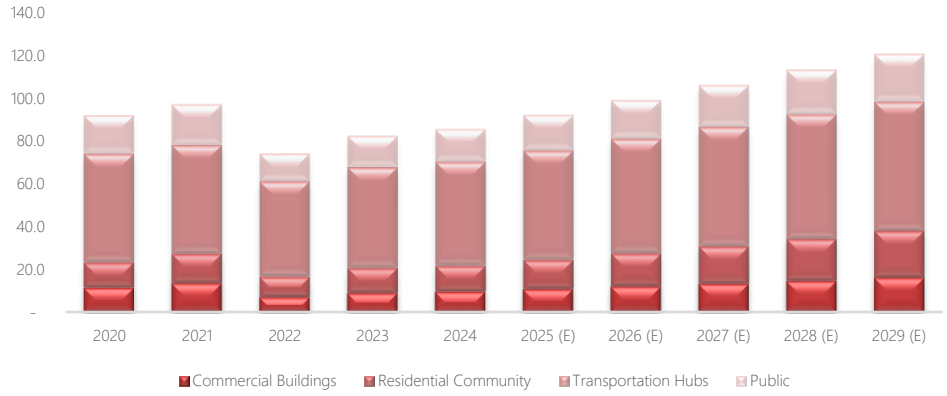
Figure: China outdoor video advertising market size by advertising format (RMB, bn)



Source: China Advertising Association, West Bull Securities

By scenario, transportation hubs (airports, high-speed rail, metro, bus shelters, expressways, etc.) remained the dominant category of outdoor advertising locations, accounting for over 50% of the market. Public scenarios (tourist attractions, parking lots, street billboards, parks, etc.) accounted for 17.8%, residential community scenarios (community bulletin boards, in-elevator framed advertising, etc.) for 14.2%, and commercial buildings (office elevators, office lobbies, movie theaters, etc.) for 11.0%. Per the Association's forecast, residential community and commercial-building scenarios are expected to grow faster, with residential community scenarios benefiting from a "last 100 meters" penetration advantage and high contact frequency, forecast to deliver a 2024 – 2029 CAGR of 12.6%.

Fig: China outdoor video advertising market size by scenario (RMB, bn)



Source: China Advertising Association, West Bull Securities

According to a CTR report, overall outdoor advertising grew 11.8% in 2025, with airport, high-speed rail, elevator LCD and poster formats growing 20.4%, 16.3%, 12.0% and 13.7% respectively. In addition, NFC interactive technology has been identified as a core emerging trend in outdoor advertising, serving as an entry point for member acquisition and retention, while AI smart-hardware-related advertising spend grew 699.8% YoY

Competitive Landscape

According to the China Advertising Association, China's top ten outdoor advertising enterprises held a combined market share of approximately 30.6% in 2024, led by Focus Media at 14.5%, with the remaining share held in low single digits by JCDecaux China, Xinchao Media, Yongda Media, Asiaray Media, Voyage Media, Lutie Media, Dynamic Media, Clear Media and CKING Media. In April 2025, Focus Media acquired 100% of Xinchao Media, further expanding the combined entity's market share.

Fig: Competitive landscape of China's outdoor advertising operators

Listing Code	Company	Core Scenarios	Media Format	2025 Rev.
002027.SZ	Focus Media	Building elevators, cinemas and community elevators	Video + Print	RMB 12.8bn
Unlisted	JCDecaux	Airports, metro, commercial areas	Print	
Unlisted	Yongda	High-speed rail, expressways	Video + Print	
01993.HK	Asiaray	Airports, rail, buses	Video + Print	RMB 916mn
NEEQ-listed	Voyage	Commercial districts, transport hubs	Video + Print	RMB 801mn
Unlisted	Lutie	Rail	Video + Print	
Unlisted	Dynamic	Airports	Video + Print	
Unlisted	Clear Media	Bus shelters	Video + Print	
Unlisted	CKING Media	Airports, aviation	Video + Print	
301102.SZ	Mega-info	High-speed rail stations, commercial districts	Video + Print	RMB 553mn
600386.SH	Beijing Bashi	Beijing bus system	Video + Print	RMB 3.9bn

Source: China Advertising Association, Annual Reports, West Bull Securities

Industry Opportunities and Challenges

Fig: Industry opportunities and challenges

Opportunities	Challenges
The forecast growth rate for residential-community and commercial-building scenarios is higher than the overall outdoor advertising market, and Qunabox's terminal network, targeting these two fastest-growing scenario categories, has a structural basis to outperform the industry.	Following Focus Media's acquisition of Xinchao Media, market resources have become further concentrated. Should Focus Media's technological capability extend into AI interaction and data-strategy fields, this could pose competitive pressure on Qunabox.
Outdoor video advertising's share continues to rise, and its underlying technology path (such as AI) sits at the core of the industry's digitalization.	Data shows that the two major legacy FMCG categories, beverages and food, have continued to reduce spend in the outdoor advertising channel, and, combined with the fading of the World Cup effect, this poses a contraction risk to demand for Qunabox's services..

Source: China Advertisina Association, West Bull Securities

Investment Thesis

AI Customized Marketing Services: A High-Margin Elastic Target

- Low Base, High Margin, High Growth

  In 2025, AI Customized Marketing Services (reported as "Value-added Marketing Services" in 2025) generated revenue of approximately RMB236mn, representing 14.2% of the Group's total revenue, at a gross margin of 92.6%, with more than half of that revenue coming from AI Customized Marketing Services. In 1H 2026, the Group began reporting AI Customized Marketing Services as a separate line item, with gross margin remaining far higher than AI Standard Marketing Services. Based on our discussions with the Group, AI Customized Marketing Services revenue growth is expected to reach approximately 50% this year, becoming the main driver of earnings growth.

- Scaling Is Not Constrained by Hardware

  Measured as "number of machines deployed for AI services × days" divided by "total number of machines × 365 days," AI service utilization in 2025 was low single-digit. Notably, AI Customized Marketing Services are a value-added layer on top of the Group's existing vending-machine base, meaning AI service capacity utilization remains low and does not, in the near-to-medium term, constitute a hardware bottleneck constraining revenue growth. This positions the Group to generate returns with limited capital investment, and this is a core competitive advantage relative to asset-heavy peers such as UBOX Online.

- Cross-selling to Existing Clients to Raise Penetration

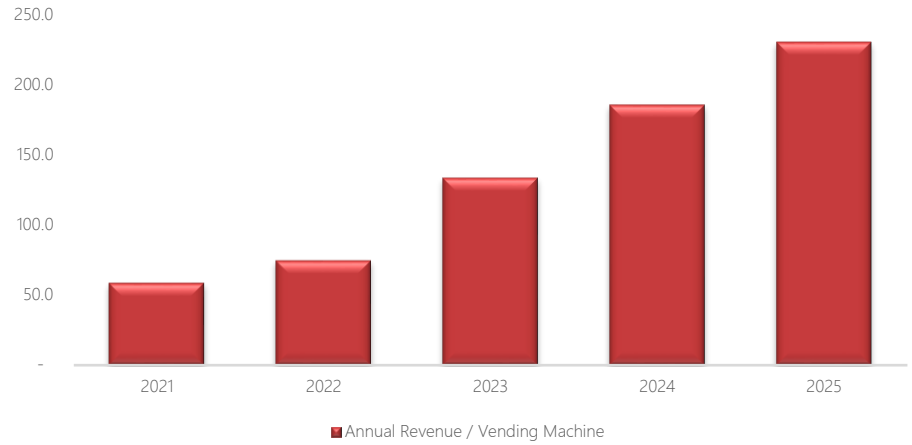
  In 1H 2026, 51 of the Group's 236 marketing clients had accessed AI services. This means AI revenue growth is driven mainly by: i) new client acquisition; ii) rising AI penetration among existing clients; and iii) increasing AI project frequency among existing clients, and the latter two are low-marginal-cost sources of incremental revenue.

Rising Operating Leverage

- Continued Improvement in Terminal Operating Efficiency

  Average annual revenue per terminal rose from RMB59,000 in 2021 to RMB231,000 in 2025, with annual profit per unit rising from RMB6,000 to RMB40,000. Over the past three years, the Group's number of smart terminals has remained stable, while revenue per unit has continued to climb and adjusted net margin has risen to 17.4%, attributable mainly to rising location-utilization rates, service-category expansion and operational-efficiency improvements.

Fig: Average revenue per vending machine (RMB)



Source: Company Data, West Bull Securities

■ Physical AI as the Next Growth Curve

The Group's headcount rose from 187 in 2023 to 196 in June 2026, with revenue growth significantly outpacing both headcount and staff-cost growth, implying rising revenue per employee. The Group has no intention of materially expanding headcount going forward. Instead, it is increasing investment in R&D and capital expenditure, particularly in AI-related R&D, computing power and sensor hardware, reflecting management's expectation that physical AI will become the Group's main driver of future revenue and profit growth. Over the longer term, as R&D investment is completed and capital expenditure declines, free cash flow from the smart-terminal business is expected to continue improving.

Fig: Headcount, staff expenses as % of total revenue, R&D expenses as % of total revenue

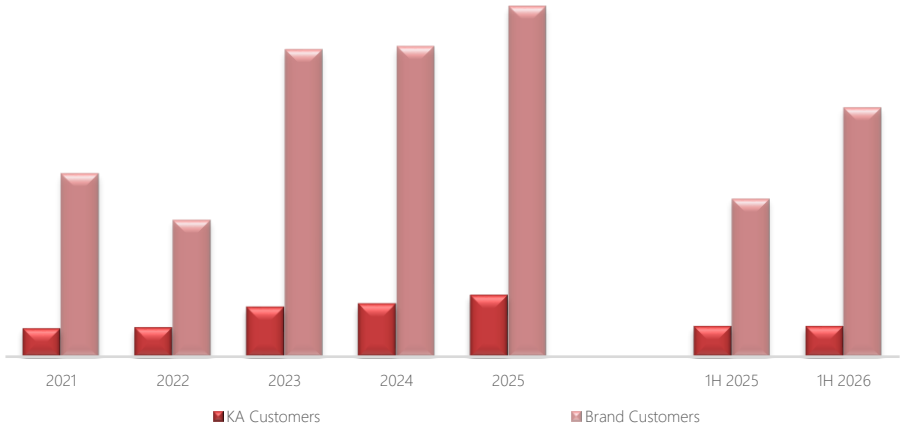


Source: Company Data, West Bull Securities

Client-Mix Optimization: Simultaneous Increase in KA Customers and Per-Client Value

The number of brand clients rose from 150 in 1H 2025 to 236 in 1H 2026, while the number of Key Accounts remained stable at 29, with average Key Account revenue over the same period rising from RMB16.2mn to RMB19.0mn. Against a macro environment of continued reduction in outdoor advertising spend from the two major legacy FMCG categories, food and beverages, the Group has nonetheless maintained a dual-engine structure of "expanding the client pool + rising per-client value."

Fig: Number of KA Customers and brand clients



Source: Company Data, West Bull Securities

Overseas New Business Outlook: HOLOX

As an extension of its AI interactive experience, the Group has chosen AI indoor entertainment spaces to open new overseas markets. It has abandoned the vending-machine model overseas primarily because: i) overseas FMCG product-iteration cycles are longer, resulting in weaker demand for new-product promotion than domestically; and ii) lower population density and population size mean the domestic marketing model may not be readily replicable. AI indoor entertainment space projects, by contrast, are typically sited in tourist cities with high spending power, where i) tourists' propensity for one-off, high-value spending is stronger, and ii) visitor profiles are broader.

- Singapore Flagship Store

  The Group is expanding overseas by building AI indoor entertainment spaces that integrate multimodal AI, contextual reasoning and adaptive-learning technology with smart hardware to deliver immersive, interactive, AI-native entertainment experiences. The Group's first overseas AI indoor entertainment space, HOLOX, is located in Singapore. This investment is at the tens-of-millions-of-USD level, covering fit-out, equipment, engineering and opening costs, as well as investment in the technology platform, AI system development and content production.

- Regional Replication

  Assuming the Singapore project proves successful, the Group intends to expand further into other global regions, including the Middle East and Australia. The Group signed a strategic agreement in 2025 with Sheikh Thani Saeed Thani Juma Al Maktoum, a member of the ruling family of Dubai, and established a subsidiary in the UAE to jointly advance the HOLOX project, although progress is currently believed to remain affected by the macro environment in the Middle East.

- Monitoring Key Project Milestones

  Each AI indoor entertainment space project requires heavy capital investment. As existing technology and content platforms can be reused, the marginal cost of subsequent projects is expected to be lower than for the first Singapore location. However, as the project remains at an early stage with no near-term revenue contribution, combined with the substantial capital outlay per project, capital investment in the Singapore and Middle East projects in 2027 – 2028 will place near-term pressure on the Group's free cash flow.

Net Cash Reserves: The Market Has Barely Priced the Operating Business

At the end of June 2026, the Group's net cash after deducting borrowings was approximately RMB1.1bn, and it also held a liquid investment portfolio of RMB318mn, together totalling approximately RMB1.4bn. At the current market capitalization of approximately HK$2.1bn, net cash and the investment portfolio represent approximately 79% of market capitalization, implying the market currently attributes low value to the Group's operating business, which has not been adequately priced in. We believe that the Group is meaningfully undervalued, and that current valuation provides an effective margin of safety that reduces downside risk. Even if AI-business penetration falls short of expectations, the Group retains sufficient flexibility to support share buybacks and business investment.

Forecast & Valuation

Forecast

- Revenue and Gross Profit

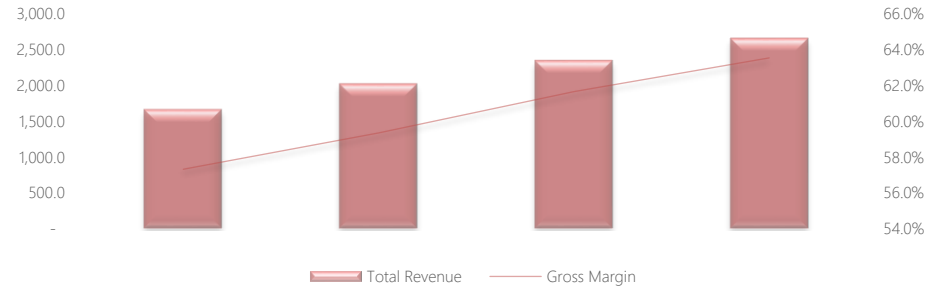
  Our key assumptions:

  - AI Customized Marketing Services growth exceeds 50% in 2026, remaining the main growth driver over the next three years
  - Rising contribution from AI Customized Marketing Services drives a structural rise in overall gross margin
  - The number of vending machines in China remains stable and is no longer a core driver of revenue growth
  - Advertising fill rates rise steadily, supporting moderate growth in AI Standard Marketing Services and Smart Retail Services

Based on the above assumptions, we forecast that the Group will achieve revenue of approximately RMB 2.02bn in 2026, up 21.4% YoY, of which AI Customized Marketing Services revenue is expected to be approximately RMB 366mn, up approximately 55% YoY, with its share of total revenue rising from 14.2% in 2025 to approximately 18.1%. Benefiting from rising advertising fill rates, we expect AI Standard Marketing Services and Smart Retail Services to deliver moderate growth. We expect AI Customized Marketing Services' revenue share to rise rapidly, reaching around 30% of total revenue by around 2029, becoming the primary driver of overall gross-margin expansion. We also forecast overall gross margin will rise progressively from 57.3% in 2025 to approximately 63.5% by 2028.

We assume AI Customized Marketing Services growth of 55%/49%/33% for 2026 – 2028 respectively; AI Standard Marketing Services growth of 18%/10%/8%; and mid-single-digit growth for non-AI value-added services, Smart Retail and IT services, reflecting the maturity of these legacy segments. Given significant uncertainty about the timing and monetization model of HOLOX AI indoor entertainment spaces, we have not incorporated any potential HOLOX contribution into our forecasts.

Fig: Revenue and gross-profit forecasts



Source: Company Data, West Bull Securities

- Operating Expenses

  We expect the Group's R&D expenditure to remain elevated in the near term, at approximately 10% of total revenue, reflecting continued investment in AI Customized Marketing Services and the fact that content and software R&D for HOLOX AI indoor entertainment spaces remain at the investment stage. We expect selling and distribution expenses as a percentage of revenue to decline progressively, reflecting improving customer-acquisition efficiency driven by client-mix optimization (e.g. rising Key Account and brand-client numbers, rising average client revenue).

- Earnings Forecasts

  Combining our revenue, gross profit and operating expense assumptions, we forecast the Group's net profit for 2026 – 2028 to be approximately RMB366mn / RMB502mn / RMB613mn respectively, corresponding to net margins of 18.1%/21.4%/23.1%, with a 2026 – 2028 net profit CAGR of approximately 28.3%.

Valuation

We initiate coverage of Qunabox with a "Buy" rating and a target price of HK$16.61, equivalent to 10.5x/7.7x/6.3x forecast P/E for 2026/2027/2028 respectively.

We value the Group using DCF methodology. Our core rationale for the "Buy" rating is as follows:

- The Group's AI Customized Marketing Services carry a gross margin far higher than legacy businesses, driving the overall gross margin structure toward an asset-light technology model
- Penetration of AI services among existing clients remains low, giving revenue growth a high degree of certainty
- Capital expenditure on vending machines is declining, with no current plan to materially expand the fleet beyond necessary maintenance and renewal
- The Group's current valuation trades at a discount to comparable companies, offering re-rating potential

Fig: Assumption of DCF valuation

Discounted Cash Flow	783.7mn	LT Debt-to-Equity Ratio	16.4%
Discounted Terminal Value	3,061.6mn	BETA	1.5
		LT Risk-free Rate	3.0%
		Risk Premium	14.0%
		LT Equity Cost	19.0%
		LT Debt Cost	5.0%
		LT Debt Cost (After Tax)	4.4%
		LT WACC	17.0%
		LT Growth Rate	1.0%

Source: West Bull Securities

Peers comparison

		Mkt. Cap. (HKD, mn)	P/E (x)	Fw. P/E (x)	P/B (x)	P/S (x)	Revenue (HKD, mn)	GM (%)	ROE (%)
01993.HK	Asiaray Media	227.9	15.5	-	2.6	0.2	1,014.3	33.8	17.0
002027.CH	Focus Media	81,843.5	24.0	11.5	5.0	5.5	14,835.7	70.5	18.8
301102.CH	Mega-info	4,385.6	312.2	50.2	1.3	6.9	643.3	26.7	0.4
600386.CH	Beijing Bashi	3,152.3	(262.0)	-	1.6	0.7	4,545.4	13.9	(0.6)
Average		*22,402.3*	*22.4*	30.9	2.6	*3.3*	*5,259.7*	*36.2*	*8.9*
00917.HK	Qunabox Group	2,092.7	6.6	5.0	0.9	1.1	1,841.5	57.3	16.1

Source: Choice, West Bull Securities

Risk factors

- AI service penetration ramps slower than expected
- Diminishing marginal returns per terminal
- Traditional outdoor media leaders extend into other fields, intensifying competition
- Rising rents at terminal locations or loss of premium locations
- Continued contraction in the demand for advertising from traditional FMCG categories (beverages, food) in the outdoor channel
- AI and overseas business investment erode near-term cash flow
- Slower-than-expected progress in overseas business expansion, with geopolitical risk creating uncertainty

Financial Statement

PnL

(RMB, mn)	2025 (A)	2026 (E)	2027 (E)	2028 (E)
Revenue	**1,663.2**	**2,019.5**	**2,347.6**	**2,654.4**
YoY growth	*24.2%*	*21.4%*	*16.2%*	*13.1%*
COGS	(710.0)	(821.0)	(900.3)	(967.9)
Gross profit	**953.3**	**1,198.5**	**1,447.3**	**1,686.5**
Other income	30.9	32.8	36.4	44.6
Operating expenses	(639.1)	(794.5)	(888.2)	(1,006.1)
Operating profit	**345.1**	**436.8**	**595.4**	**725.0**
Finance expenses	(17.5)	(20.7)	(24.7)	(28.4)
JV & Ass.	-	-	-	-
Profit before tax	**327.6**	**416.1**	**570.6**	**696.6**
Tax	(37.5)	(49.9)	(68.5)	(83.6)
Net profit	**290.1**	**366.2**	**502.2**	**613.0**

Balance Sheet

(RMB, mn)	2025 (A)	2026 (E)	2027 (E)	2028 (E)
PPE	121.5	157.3	189.6	213.2
Others	31.5	28.5	29.5	29.4
Non-current assets	**153.0**	**185.8**	**219.1**	**242.6**
Inventories	14.1	16.5	18.9	20.6
Trade receivables	599.2	746.7	847.2	962.0
Cash & cash equivalents	1,506.1	1,671.1	2,049.0	2,536.5
Others	455.0	507.7	544.0	590.9
Current assets	**2,574.5**	**2,942.0**	**3,459.1**	**4,110.0**
Total assets	**2,727.4**	**3,127.8**	**3,678.2**	**4,352.6**
LT borrowings	-	-	-	-
Others	12.1	12.6	13.2	13.2
Non-current liabilities	**12.1**	**12.6**	**13.2**	**13.2**
Trade payables	16.7	20.4	23.0	24.0
ST borrowings	534.9	541.5	560.9	580.9
Others	147.4	158.3	171.0	197.9
Current liabilities	**699.1**	**720.3**	**754.9**	**802.8**
Total liabilities	**711.2**	**732.9**	**768.1**	**816.1**
Non-controlling interests	0.6	0.6	0.6	0.6
Controlling interests	2,015.7	2,394.2	2,909.5	3,535.9
Total equities	**2,016.3**	**2,394.8**	**2,910.2**	**3,536.6**

Cash Flow (RMB, mn)	2025 (A)	2026 (E)	2027 (E)	2028 (E)	Financial Ratio	2025 (A)	2026 (E)	2027 (E)	2028 (E)
Profit before tax	327.6	416.1	570.6	696.6	Gross margin	57.3%	59.3%	61.6%	63.5%
Finance expenses, net	17.5	20.7	24.7	28.4	Operating margin	20.7%	21.6%	25.4%	27.3%
D&A	49.5	50.9	54.2	56.5	Net profit margin	17.4%	18.1%	21.4%	23.1%
Others	(27.3)	(8.7)	(53.8)	(52.1)	Return on Equity	16.2%	16.6%	18.9%	19.0%
Change in working capital	1.7	(214.9)	(123.4)	(150.9)	Return on Assets	12.0%	12.5%	14.8%	15.3%
CFO	**368.9**	**264.0**	**472.4**	**578.6**	Current ratio	368.3%	408.5%	458.2%	511.9%
					Quick ratio	270.7%	355.5%	387.6%	428.5%
CAPEX	(10.0)	(86.7)	(86.5)	(80.1)	Cash ratio	215.4%	232.0%	271.4%	315.9%
Others	20.7	4.0	-	-	Debt-to-Equity ratio	26.5%	22.6%	19.3%	16.4%
CFI	**10.6**	**(82.7)**	**(86.5)**	**(80.1)**	Net Debt-to-Equity ratio	-48.2%	-47.2%	-51.1%	-55.3%
					Inventory turnover days	6.7	6.8	7.2	7.5
Shares issuance	287.0	-	-	-	Receivable turnover days	121.7	121.6	123.9	124.4
Net borrowings	108.1	6.6	19.3	20.1	Payable turnover days	9.2	8.3	8.8	8.9
Interest paid	-	-	-	-					
Dividend paid	-	-	-	-					
Others	(158.5)	(22.9)	(27.3)	(31.0)					
CFF	**236.6**	**(16.3)**	**(8.0)**	**(11.0)**					
FCFE	**467.0**	**183.9**	**405.2**	**518.5**					
FCFF	**374.4**	**195.2**	**407.4**	**523.1**					

Source: Company data, West Bull Securities

.

West Bull Securities is a dedicated small/mid cap stock brokerage house. Find our research on: Alphasense, FactSet, Capital IQ, Refinitiv, Wind, Choice, Hibor, iFinD, 發現報告, 洞見研報.

Ratings of West Bull Securities:

STRONG BUY	: absolute upside of >50% over the next 12 months
BUY	: absolute upside of >10% over the next 12 months
HOLD	: absolute return of -10% to +10% over the next 12 months
SELL	: absolute downside of >10% over the next 12 months
STRONG SELL	: absolute downside of >50% over the next 12 months

Investors should assume that West Bull Securities is seeking or will seek investment banking or other related businesses with the companies in this report.

Analyst certification: The views expressed in this report accurately reflect the analyst's personal views of the subject securities and that the analyst has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report.

Disclaimer:

This research report is not an offer to sell or the solicitation of an offer to buy or subscribe for any securities. The securities referred to in this report may not be eligible for sale in some jurisdictions. The information contained in this report has been compiled by the Research Department of West Bull Securities Limited ('West Bull Securities') from sources that it believes to be reliable but no representation, warranty or guarantee is made or given by West Bull Securities or any other person as to its accuracy or completeness. All opinions and estimates expressed in this report are (unless otherwise indicated) entirely those of West Bull Securities as of the date of this report only and are subject to change without notice. Neither West Bull Securities nor any other person, accepts any liability whatsoever for any loss howsoever arising from any use of this report or its contents or otherwise arising in connection therewith. Each recipient of this report shall be solely responsible for making its own independent investigation of the business, financial condition and prospects of the companies referred to in this report. West Bull Securities and their respective officers, directors and employees, including persons involved in the preparation or issuance of this report, may from time to time (1) have positions in, and buy or sell, the securities of companies referred to in this report (or related investments); (2) have a consulting, investment banking or broking relationship with any company referred to in this report; and (3) to the extent permitted under applicable law, have acted upon or used the information contained or referred to in this report including effecting transactions for their own account in an investment (or related investment) in respect of any company referred to in this report, prior to or immediately following its publication. This report may not have been distributed to all recipients at the same time. This report is issued only for the information of and may only be distributed to professional investors and dealers in securities and must not be copied, published, reproduced or redistributed (in whole or in part) by any recipient for any purpose. Any recipient of this report who requires further information regarding any securities referred to in this report should contact the relevant office of West Bull Securities located in such recipient's home jurisdiction.

Copyright© West Bull Securities Limited. All rights reserved.