通通AI社交
TONGTONG AI SOC

通通AI社交集團有限公司
Tong Tong AI Social Group Limited

(formerly known as Gome Finance Technology Co., Ltd. 國美金融科技有限公司)
(Incorporated in Bermuda with limited liability)
(Stock Code: 628)

2024 ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhou Yafei *(Chairman)*
Mr. Song Chenxi

Non-executive Directors

Ms. Wei Ting
Ms. Wu Qian *(appointed on 25 July 2024)*

Independent Non-executive Directors

Mr. Mak Yau Kee Adrian
(appointed on 5 February 2024)
Professor Japhet Sebastian Law
(appointed on 10 April 2024)
Professor Huang Song *(appointed on 19 April 2024)*

COMPANY SECRETARY

Mr. Chor Ngai *(appointed on 25 July 2024)*

AUDIT COMMITTEE

Mr. Mak Yau Kee Adrian *(Chairman)*
(appointed on 5 February 2024)
Ms. Wei Ting
Professor Japhet Sebastian Law
(appointed on 10 April 2024)
Professor Huang Song *(appointed on 25 July 2024)*

REMUNERATION COMMITTEE

Professor Japhet Sebastian Law *(Chairman)*
(appointed on 25 July 2024)
Ms. Wei Ting
Professor Huang Song
(appointed on 19 April 2024)

NOMINATION COMMITTEE

Mr. Mak Yau Kee Adrian *(Chairman)*
(appointed on 5 February 2024)
Mr. Zhou Yafei
Professor Huang Song
(appointed on 25 July 2024)

STRATEGY COMMITTEE

Mr. Zhou Yafei *(Chairman)*
Mr. Song Chenxi
Professor Japhet Sebastian Law
(appointed on 10 April 2024)
Ms. Wu Qian *(appointed on 25 July 2024)*

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
Level 8, K11 ATELIER King's Road
728 King's Road
Quarry Bay
Hong Kong

BANKERS

CMB Wing Lung Bank Limited
Industrial Bank Co., Ltd.

LEGAL ADVISERS

As to Hong Kong Law

Sidley Austin

As to Bermuda Law

Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2912, 29th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court
22 Victoria Street
PO Box HM 1179
Hamilton HM EX
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
Suites 3301–04, 33/F.
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338 King's Road
North Point
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STOCK CODE

628

INVESTOR RELATIONS

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Dear Shareholders,

On behalf of Tong Tong AI Social Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I would like to present the results of the Group for the year ended 31 December 2024.

In 2024, the global economy experienced fluctuations due to geopolitical risks, including the ongoing Russia-Ukraine conflict, escalating tensions in the Middle East, and Sino-US trade disputes. However, driven by key factors such as slowing inflation, easing labor market pressures, and strong demand for AI-related products, developed economies saw a notable trade recovery, while emerging economies stabilized their growth. In China, 2024 marked a pivotal year for implementing the "14th Five-Year Plan". Amid the challenges posed by great-power rivalry, China's economy maintained overall stability with steady progress, successfully achieving the annual growth target of 5%.

In terms of policies, at the critical stage where the transformation from old to new growth drivers is gaining traction, the Chinese government continues to deepen supply-side structural reforms in the financial sector. Through a multi-faceted policy approach, it prioritizes supporting the development of the financial industry. On one hand, it promotes the development of inclusive finance, supports the private economy, and facilitates its high-quality growth. Meanwhile, by fostering technological innovation, digital transformation, and green, low-carbon development, it drives the growth of new productive forces, fueling economic growth. Against this backdrop, the Group actively aligns with national policies and continues to advance the coordinated development of technology finance and inclusive finance. With digital technology emerging as a powerful engine for economic transformation and upgrading, we are further deepening our digital transformation efforts, promoting the deep integration of financial technology with the real economy. Additionally, through strategic business expansion, we have embarked on building a comprehensive "social + commerce" internet ecosystem, contributing to the high-quality growth of the real economy.

In 2024, to diversify the business portfolio, the Group explored new investment opportunities and advanced its technology strategy upgrade. This initiative aims to foster cross-segment traffic conversion and synergistic effects. While maintaining its existing financial services operations, the Group has strategically acquired several new business lines, establishing a preliminary presence in both the digital content ecosystem (including game development and publishing) and digital internet platforms (particularly social commerce platforms). Moreover, to better align with its expansion strategy and technological transformation, the Group underwent a significant rebranding in October 2024, officially changing its name to "Tong Tong AI Social Group Limited". This rebranding reflects the Group's commitment to embracing the development opportunities arising from digital economy era and reinforces its strategic positioning in the Web3.0 Internet digital ecosystem, underscoring the Group's dedication to creating enhanced value for both shareholders and customers.

CHAIRMAN'S STATEMENT

Looking forward, our Group will align with national policy orientations, promote inclusive finance and digital transformation, optimize financial services, and deepen the integration of fintech and the real economy. We will enhance service efficiency and quality through technological empowerment. Meanwhile, seizing the opportunity of the implementation and popularization of emerging technologies such as artificial intelligence and blockchain, we will actively expand the business territory of the digital Internet ecosystem, combine new technologies with new businesses, and focus on achieving the conversion and interconnection of traffic among various business segments, so as to provide customers with efficient, convenient and diversified services. Facing the historic opportunities of the Web3.0 era, the Group will continuously focus on ecological synergy under a diversified business layout, maintain a sound financial performance, optimize the revenue structure, strive to create new drivers for the growth of the Group's brand value, and generate stable and substantial returns for shareholders.

Lastly, I would like to take this opportunity to express my sincere gratitude to all the staff and the senior management, for their unremitting efforts and positive contributions to the development of the Group throughout the year. At the same time, my sincere thanks also go to the loyal customers and shareholders of the Group, for their long-standing trusts and support.

Zhou Yafei
Chairman

Beijing, 28 March 2025

OVERVIEW

Tong Tong AI Social Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") are principally engaged in (i) the provision of financial services, including the provision of commercial factoring and other financial services; and (ii) the provision of digital internet services including social commerce platforms, development and distribution of digital content including games.

The Group recorded a substantial increase in revenue and profit before tax for the year ended 31 December 2024 (the "**Reporting Period**") as compared to the same period in 2023 (the "**Corresponding Period**"). The Group's revenue increased substantially by RMB182.1 million or 222.1% from RMB82.0 million for the Corresponding Period to RMB264.1 million for the Reporting Period. The profit before tax of the Group increased substantially by RMB21.7 million or 47.1% from RMB46.1 million for the Corresponding Period to RMB67.8 million for the Reporting Period. The reasons for the substantial increase in revenue were mainly due to i) the consolidation of revenue of CashBox Group Technology (Hong Kong) Limited ("**CashBox**") which amounted to RMB139.9 million after the Group acquired it on 21 June 2024 (the "**CashBox Acquisition**"); ii) the contribution of revenue of RMB10.5 million by the Beijing Liheng Group (as defined below) after the Group acquired it in August 2024 through contractual arrangements; and iii) the steady growth of the Group's commercial factoring and other financial services businesses.

CashBox is principally engaged in game development and publishing businesses. Upon the completion of the CashBox Acquisition, the financial results of CashBox have been consolidated in the Group's financial statements. For details of the CashBox Acquisition, please refer to the "Material Acquisition and Disposals of Subsidiaries, Associates and Joint Venture" section of this annual report.

On 28 August 2024, the Company acquired 北京立衡企業管理有限公司 (Beijing Liheng Enterprise Management Co., Ltd.*) ("**Beijing Liheng**", and together with its subsidiaries, the "**Beijing Liheng Group**") through 賦勤(寧波)科技有限公司 (Fuqin (Ningbo) Technology Co., Ltd.*) ("**Fuqin (Ningbo)**"), which is a non-wholly owned subsidiary of the Company, by entering into certain agreements (the "**Beijing Liheng VIE Contracts**"), pursuant to which Fuqin (Ningbo) will have effective control over the finance and operation of Beijing Liheng and will enjoy the entire economic interests and benefits generated by Beijing Liheng (the "**Beijing Liheng Contractual Arrangements**"). Upon entering into the Beijing Liheng Contractual Arrangements, the financial results of Beijing Liheng are consolidated in the results of the Group as if Beijing Liheng is a subsidiary of the Company.

The Beijing Liheng Group is or will be principally engaged in social networking, AI and blockchain services, digital asset auction, e-commerce, information and short video publishing, information technology services, and research and development of technology businesses in the People's Republic of China (the "**PRC**" or "**China**"). The subsidiaries of Beijing Liheng hold various licenses for the operation of the Beijing Liheng Group's businesses, including EDI license (在線數據處理與交易業務經營許可證), ICP license (中華人民共和國電信與信息服務業務經營許可證) and ICB license (網絡文化經營許可證). For further details of the Beijing Liheng Contractual Arrangements, please refer to the Company's announcement dated 28 August 2024 and pages 35 to 44 in the "Report of the Directors — Continuing Connected Transactions" section of this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

Apart from the newly acquired businesses, the Group's revenue derived from the commercial factoring business increased by RMB4.6 million or 6.1% from RMB75.8 million for the Corresponding Period to RMB80.4 million for the Reporting Period. The increase was mainly due to the expansion of the scale of commercial factoring loans in the PRC. In addition, revenue derived from other financial services business increased by RMB27.1 million or 437.1% from RMB6.2 million for the Corresponding Period to RMB33.3 million for the Reporting Period. The substantial increase was primarily due to the enhancement of the Group's business promotion efforts during the Reporting Period.

The Group recorded a profit attributable to the owners of the Company of RMB39.6 million for the Reporting Period (the Corresponding Period: RMB37.0 million). The increase in the profit attributable to the owners of the Company were mainly due to i) the substantial increase in revenue and ii) the decrease in finance costs, which were partially offset by the increase in administrative expenses, marketing expenses and the increase in exchange loss. For further details, please refer to the "Financial Review" section of this annual report.

The Board did not recommend the payment of a final dividend for the Reporting Period (the Corresponding Period: nil).

Based on the existing business development, the Group remains committed to becoming a market-leading "Technology + Finance" integrated services group. Meanwhile, under the rapid development of the digital economy and Web3.0, the management has been exploring different new business opportunities to realize growth through the development of new businesses, and actively seeking new business breakthroughs in the Internet-related areas to facilitate the Group's diversified strategic transformation. The management believes that the Group's strategy of continuing to develop the "Technology + Finance" integrated services business while injecting new businesses to sustain growth will lead the Group to steady development.

INDUSTRY ENVIRONMENT

In 2024, economies were constrained by high interest rates and recorded slow growth, while emerging markets achieved localized breakthroughs through digitalization and industry chain restructuring. According to the forecast of the International Monetary Fund (IMF), the global economic growth rate is expected to reach 3.2%, maintaining a generally stable trend. As a key growth driver, China is moving forward steadily under the framework of "high-quality development", with a GDP growth rate of 5%.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, as a key engine and service support for promoting the high-quality development of digital economy and new productive forces, the development of financial technology in China, particularly the supply chain finance, has shown a robust growth trend. According to the "2024 Global Supply Chain Promotion Report", the scale of China's supply chain finance industry in 2023 was approximately RMB41.3 trillion, an increase of 11.9% year-on-year, with an average compound annual growth rate (CAGR) of 20.88% over the past five years. It is expected that the industry scale will exceed RMB60 trillion by 2027, with a CAGR of 10.3%. There is a notable dual-driven characteristic in policies: the expansion of the central bank's digital currency (DCEP) pilot, the acceleration of the marketization of data elements, and the deepening of the "Digital China" strategy are injecting momentum into the industry's development, while a series of policies such as the "Action Plan for Promoting High-Quality Development of Digital Finance", the "Financial Stability Law", and the "Data Security Law" have been successively introduced. These policies strengthen penetrating regulation and compel fintech to serve its original purpose of serving the real economy, so as to further standardize the development of supply chain financial services. They also encourage innovation and diversified development in supply chain finance, effectively enhance the ability of financial services to support the real economy and prevent security risks, thereby promoting high-quality economic development.

Focusing on the internet technology field, the global digital internet industry is continuously evolving under the dual influence of technological innovation and policy impetus. Global leading comprehensive platforms, relying on their user scale and algorithm advantages, are accelerating their layout in cutting-edge fields such as generative AI and the metaverse, vying for the next-generation traffic entrance.

In the PRC market, 2024 marks the 30th anniversary of China's full access to the international Internet. Over the past 30 years, China has built the world's largest and technologically advanced Internet infrastructure, and established the world's largest online retail market and the largest group of netizens. The 55th Statistical Report on the Development of the Internet in China ("**Statistical Report**") shows that as of December 2024, the number of netizens in China reached 1.108 billion, and the internet penetration rate reached 78.6%. The Statistical Report also points out that in 2024, the industries related to generative artificial intelligence continued to develop rapidly, with new business forms and applications emerging continuously. The implementation on both the user and industrial sides has accelerated, injecting momentum into economic and social development. Segmented markets such as the digital content industry have maintained a high growth rate, demonstrating strong development momentum.

It is worth noting that with the continuous innovation of Internet technology and the growing user demand, the digital content industry is becoming a new engine for economic growth. Particularly, the global digital content industry, represented by the gaming market, is also expanding rapidly, fueled by technological advancements and consumer recovery. According to the "2024 China Gaming Overseas Expansion Research Report," the global gaming market is expected to reach a scale of RMB 1,216.335 billion in 2024, representing a year-on-year growth of 3.31%.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the "Digital China" and "Cultural Power" strategies are creating opportunities, while regulations on data sovereignty, AI ethics and content security are tightening. A series of policies have been introduced by the government to strengthen regulation and guidance over the digital internet industry, particularly the digital content sector, aiming to promote standardized and healthy industry development, which in turn pushes enterprises to establish technological autonomy and compliance frameworks. In terms of technology, with the deepening integration of advanced AI technologies such as AIGC into the digital internet sector, segments like AI-driven social platforms and digital entertainment will continue to thrive. Digital internet products and services are evolving toward diversity, personalization and high-quality development.

With the advancement of new technologies, Web3.0 has become a focal point for both the market and industry. According to Bloomberg research, the market size for Web3.0-related businesses is projected to reach US$800 billion by 2024 and rapidly surge to US$1.5 trillion by 2030. The decentralization and openness represented by Web3.0 are expected to reshape traditional business models and unlock new growth opportunities in the digital economy. In vertical markets, differentiated competitors are emerging and exploring segment markets, which will shift the industry landscape from "scale expansion" to "value-driven growth".

As a crucial branch of internet applications, the commercial value and future potential of social media platforms remain highly promising. The 2024 Global Social App Market Development Insights states that social media accounts currently account for 62.3% of the global population. By 2030, the global social networking market is projected to grow at a compound annual growth rate of 26.2% with over US$300 billion in revenue. With the implementation of new technologies such as AI and blockchain, along with the widespread adoption and promotion of new engagement formats like short videos, social media is undergoing a profound transformation through technological innovation and business model iteration. Mechanisms such as decentralized governance and smart contracts are reshaping data security and value systems to adapt to emerging market demands.

BUSINESS REVIEW

Commercial Factoring Business

Gome Xinda Commercial Factoring Limited ("**Xinda Factoring**"), a wholly-owned subsidiary of the Company, provided prompt and convenient supply chain financial services to high-quality customers. During the Reporting Period, the Group continued to increase the amount of loans to high-quality customers, increasing the amount of loans from RMB1.5 billion for the Corresponding Period to RMB1.8 billion for the Reporting Period. The interest rates charged to commercial factoring borrowers decreased slightly, ranging from 6.0% to 8.0% during the Reporting Period (the Corresponding Period: ranging from 7.5% to 12.0%) which was in line with the prevailing market rates, the average net loan balance recorded an increase and revenue from the commercial factoring business increased to RMB80.4 million for the Reporting Period (the Corresponding Period: RMB75.8 million).

During the Reporting Period, the Group focused on customers with good credit status. As a result, the number of customers for the Reporting Period increased slightly as compared to the Corresponding Period and the amount of commercial factoring loans increased. The commercial factoring business continued to generate stable returns for the Group, recording segment results (excluded inter-segment transactions) of RMB71.8 million for the Reporting Period (the Corresponding Period: RMB68.2 million). The Group will continue to explore opportunities in its commercial factoring business in the future as the Group has established a reliable risk management system and has maintained steady growth in the business despite various negative factors in the external environment during the Reporting Period.

Other Financial Services Business

Other than the commercial factoring business, the Group, through Gome Wangjin (Beijing) Technology Co., Ltd. ("**Gome Wangjin**"), a wholly-owned subsidiary of the Company, continues to explore different opportunities in the provision of other financial services business with its extensive technical experience in the relevant areas. Since 2020, Gome Wangjin principally provided operating services for a financial service application and provided customer referral services to financial institutions through operating the application. During the Reporting Period, the Group recorded a substantial increase in revenue from the provision of other financial services business of RMB33.3 million (the Corresponding Period: RMB6.2 million). The substantial increase in revenue derived from other financial services business was primarily due to the enhancement of the Group's business promotion efforts during the Reporting Period.

Game Development and Publishing Business

To enhance the Company's resilience to risk and competitiveness in the Internet finance sector, a diversified transformation based on existing business activities is necessary. As such, on 21 June 2024, the Company acquired CashBox, a leading game developer in the industry, with top-notch management and research and development teams, invaluable industry insights, professional knowledge and abundant resources, with the objective to diversity the Group's business, expand its income stream and maximise returns for the shareholders of the Company (the "**Shareholders**").

CashBox provides advertising services primarily through the display of impressions or clicks of the advertisement or embedded hyperlinks on particular areas of CashBox's mobile games. The service fee from customers is charged primarily based on per number of clicks or per duration of display time. Besides, CashBox also engages in the development and operation of mobile games. All mobile games of CashBox are free to play and it offers virtual items to players. Players can purchase online points and convert them into various in-game virtual items for a better in-game experience. In-game virtual items represent consumable items that can be consumed by player actions or expire over a predetermined expiration time. The service fee is paid directly by end players mainly via online payment channels or distributions.

Cashbox has developed a range of classic mini casual games, such as Solitaire Odyssey etc. During the Reporting Period, a total of 221 games were launched, and as of 31 December 2024, Cashbox had developed and released over 500 games. CashBox has independently developed and upgraded to the latest BI 3.0 system, which supports the rapid development of business through a standardized and replicable platform model, enabling efficient and precise game promotion, fine-tuned game operations, and rapid revenue generation post-launch. Additionally, with the increasing number of product releases and strategic adjustments, user coverage now spans over 100 countries, while the average ARPPU (Average Revenue Per Paying User) for active users continues to rise. The user base of Cashbox is primarily concentrated in densely populated countries such as the United States, Brazil, India, and Indonesia. During the Reporting Period, Cashbox recorded a revenue of RMB139.9 million.

Social Networking Business

In an attempt to further expand the Group's business of digital internet, the Company acquired Beijing Liheng through the Beijing Liheng Contractual Arrangements in August 2024. The Beijing Liheng Group specializes in social networking, artificial intelligence, e-commerce, information technology services, and technology research and development. The principal subsidiaries of the Beijing Liheng Group include 海南通通智能科技有限公司 ("**Hainan Tongtong**"), 樂活派(北京)科技有限公司 ("**Lehuopai Beijing**"), and 瞧瞧(海南)科技有限公司 ("**Qiaoqiao Hainan**").

Hainan Tongtong has been engaged in data processing, online social networking and user value-added functions on the Internet business platform, targeting all age groups, since October 2023. It has built a base that comprises information technology services such as artificial intelligence, blockchain, and Web 3.0, upon which Hainan Tongtong has been developing and optimising a new social network platform which enables its users to chat, play, listen, watch and shop through highlighted functions such as animated digital people, NFT, and user content creation. The "**Tongtong APP**" launched in May 2024 has been at the public beta phase, which serves as one of the main entrances to traffic, providing users with a safer, more interesting, smarter and more novel "social + e-commerce" comprehensive experience.

Lehuopai Beijing and its subsidiary 樂活派(杭州)科技有限公司 ("**Lehuopai Hangzhou**") are principally engaged in data processing, online social networking and user value-added functions on the Internet business platform. Unlike Hainan Tongtong, the target users are mainly the post-95s group. Lehuopai Beijing is mainly responsible for the basic construction of the business platform and APP development. The "**Lehuopai APP**" launched in September 2023 serves as another main entrance to traffic, providing users with a safer, more interesting, smarter and more novel "social + e-commerce" comprehensive experience.

Qiaoqiao Hainan has been engaged in ecommerce, information technology services, data processing and transaction processing since February 2023. It has extensive experience in supply chain management and fully supports the underlying e-commerce services of the Beijing Liheng Group's platform structure. It has self-developed a complete set of supply chain underlying service system, which can quickly match the personalised business models of different manufacturers and merchants, complete the release of product/service information, manage purchase and sales orders, provides functions such as real-time online sorting and logistics aftersales service. It has launched a multi-channel marketing model which assists manufacturers and merchants to operate online shopping malls, online press conferences, online sales, offline network expansion, and entrance into shopping malls.

During the Reporting Period, the Beijing Liheng Group generated revenue of RMB10.5 million from external customers, which came entirely from subscription fees. As of 31 December 2024, the platforms operated by the Beijing Liheng Group had over 1.1 million registered users in aggregated, with approximately 30,000 users having paid subscription fees. Additionally, the workforce of the Beijing Liheng Group has grown from 150 employees at the beginning of the year to 345 employees at the end of the Reporting Period, providing a strong talent foundation for ongoing business development. During the Reporting Period, five key functionalities, namely "chat", "browse", "connect", "view", and "home", were developed based on Web 3.0. These functionalities are designed to lay the foundation for the platform to meet the needs of the new generation of users, enabling them to engage in social interactions, freely navigate between virtual and physical environments, purchase curated products in digital marketplaces, explore cities or space through augmented reality (AR), and build personalized virtual homes. This development is underpinned by advanced blockchain technology, system architecture services, and a comprehensive business blueprint.

Under the new model of "social networking + commercial ecosystem" in Web 3.0, the Company aims to develop and operate a multi-dimensional inter-connected commercial ecosystem that connects users and merchants, thereby gradually transforming into a comprehensive social commerce Internet platform.

As the Group's long-term objective is to become a market-leading comprehensive financial technology services group, the Company believes the acquisition of the Beijing Liheng Group will enhance the internet service capabilities of the Group as a whole and at the same time enable the Group to diversity its business to maintain competitiveness in light of the challenging market conditions in recent years.

FINANCIAL REVIEW

Results highlights

Revenue

During the Reporting Period, the Group's revenue increased substantially by RMB182.1 million or 222.1% to RMB264.1 million (the Corresponding Period: RMB82.0 million), which was mainly due to the CashBox Acquisition, the expansion of commercial factoring and other financial services businesses and the Beijing Liheng Acquisition.

The principal activities of CashBox are game development and publishing businesses. Revenue derived from CashBox amounted to RMB139.9 million during the Reporting Period. As the Group obtained controlling interest in CashBox upon the completion of the CashBox Acquisition on 21 June 2024, the financial results of CashBox have since then been consolidated in the Group's financial statements. Revenue derived from the provision of online advertising services and top-up services accounted for about 19.0% and 81.0%, respectively, of CashBox's total revenue for the Reporting Period.

The Group recorded revenue of RMB80.4 million from the commercial factoring business for the Reporting Period (the Corresponding Period: RMB75.8 million). The rising demand for commercial factoring loans among borrowers in the PRC resulted in an increase in the Group's average net loan balance by RMB148.0 million or 14.7% from RMB1,007 million for the Corresponding Period to RMB1,155 million for the Reporting Period, indicating that the operating scale of the commercial factoring business was expanded during the Reporting Period. The commercial factoring business continued to generate stable returns for the Group and the Group will continue to explore opportunities in its commercial factoring business in the future.

The Group recorded a substantial increase in revenue from other financial services business by RMB27.1 million to RMB33.3 million for the Reporting Period (the Corresponding Period: RMB6.2 million). The substantial increase in revenue derived from other financial services business was primarily due to the enhancement of the Group's business promotion efforts during the Reporting Period.

The Company acquired Beijing Liheng by entering into the Beijing Liheng Contractual Arrangements in August 2024. The Beijing Liheng Group specializes in social networking, artificial intelligence, e-commerce, information technology services, and technology research and development. During the Reporting Period, revenue of the Beijing Liheng Group generated from external customers amounted to RMB10.5 million, representing 4.0% of the total revenue of the Group. The Beijing Liheng Group's revenue mainly represented subscription fees received from Tongtong APP registered users.

Other income and other losses

The Group's other income mainly consisted of bank interest income, which decreased from RMB9.0 million for the Corresponding Period to RMB5.3 million for the Reporting Period. The decrease in bank interest income was primarily due to the declining bank deposit rates in the PRC and the expansion of the commercial factoring business which led to a decrease in the bank deposit amount.

The Group's other losses mainly represented the exchange loss incurred during the Reporting Period. The functional currency of the Company is Renminbi. Due to the depreciation of Renminbi against Hong Kong dollars during the Reporting Period, the Group recorded an exchange loss of RMB21.1 million (the Corresponding Period: exchange loss of RMB11.4 million) when calculating foreign debt borrowings.

Administrative expenses

The Group's administrative expenses mainly included staff costs, depreciation of non-current assets and amortisation of intangible assets and legal and professional fees. The administrative expenses increased by RMB30.8 million from RMB25.2 million for the Corresponding Period to RMB56.0 million for the Reporting Period. The reasons for the increase were mainly due to i) the increase in staff costs of the Group by RMB10.8 million from RMB11.3 million for the Corresponding Period to RMB22.1 million for the Reporting Period as a result of the increase in the number of employees from 31 for the Corresponding Period to 381 for the Reporting Period due to the CashBox Acquisition, the Beijing Liheng Acquisition and business expansion of the Group; ii) the increase in the amortisation of intangible assets amounted to RMB12.6 million mainly arising from the CashBox Acquisition and Beijing Liheng Acquisition, and iii) the increase in legal and professional fees amounted to RMB3.0 million mainly for the CashBox Acquisition and the Beijing Liheng Acquisition during the Reporting Period.

Marketing expenses

The Group's marketing expenses amounted to RMB120.2 million for the Reporting Period (the Corresponding Period: nil). During the Reporting Period, the marketing expenses, mainly comprising advertising and promotion expenses and technical service fees, incurred by CashBox and the Beijing Liheng Group amounted to RMB114.7 million and RMB5.5 million respectively.

Finance costs

The Group's finance costs decreased from RMB4.9 million for the Corresponding Period to RMB1.2 million for the Reporting Period. This decline was primarily due to the Group repaying all its bank borrowings in the Corresponding Period, resulting in no outstanding bank loans during the Reporting Period. The finance costs of RMB1.2 million for the Reporting Period mainly consisted of interest expenses related to non-bank borrowings of the Beijing Liheng Group.

Combining the effects mentioned above, during the Reporting Period, the Group recorded an operating profit of RMB67.8 million (the Corresponding Period: RMB46.1 million) and a profit for the year attributable to the owners of the Company of RMB39.6 million (the Corresponding Period: RMB37.0 million).

Commercial factoring business

The following table sets forth the operating results of the Group's commercial factoring business:

	For the year ended 31 December 2024 RMB'000	For the year ended 31 December 2023 RMB'000
Revenue	**80,371**	75,810
Net operating expenses	**(5,652)**	(4,225)
Operating earnings	**74,719**	71,585
Provision for ECL of loans receivables	**(2,886)**	(3,405)
Segment results (excluded inter-segment transactions)	**71,833**	68,180

As mentioned above, the rising demand for commercial factoring loans among borrowers in the PRC resulted in a revenue increase from RMB75.8 million for the Corresponding Period to RMB80.4 million for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

The provision for expected credit loss ("**ECL**") on loan receivables for the Reporting Period and the Corresponding Period remained stable. Additionally, for the Reporting Period, the net operating expenses of the commercial factoring business increased by RMB1.4 million compared to the Corresponding Period due to i) an increase in headcount for the commercial factoring business, resulting in an increase in staff costs; and ii) the decrease in bank interest income was due to declining bank deposit rates in the PRC and the increase in the scale of commercial factoring, resulting in a corresponding reduction in monetary funds. Due to the combined effect of the aforementioned reasons, the segment profit (excluded inter-segment transactions) increased from RMB68.2 million for the Corresponding Period to RMB71.8 million for the Reporting Period.

The Group takes a consistent and objective approach in analysing loan qualities so as to assess whether there will be impairment losses on loan receivables, taking into account events such as subsequent settlement, default or delinquency in interest or principal payments, and the financial and credit analysis of each individual debtor or a group of debtors. After such analysis, the Group classifies the loans into five different categories as well as three stages based on ECL as required by the standard in relation to financial instrument, and applies a consistent policy to each loan category in providing for the impairment of loan receivables with reference to the balances of loan receivables of various categories of loans, net of any settlement amounts subsequent to the reporting period.

	As at 31 December 2024		As at 31 December 2023	
	Gross balance RMB'000	**ECL provision RMB'000**	Gross balance RMB'000	ECL provision RMB'000
Normal	**1,281,656**	**14,359**	1,054,831	11,473
Special mention	**–**	**–**	–	–
Substandard	**–**	**–**	–	–
Doubtful	**–**	**–**	–	–
Loss	**–**	**–**	–	–
	1,281,656	**14,359**	1,054,831	11,473

Gross balance of normal loan as at 31 December 2024 increased to RMB1,281.7 million (31 December 2023: RMB1,054.8 million), which was because of the expansion of commercial factoring business during the Reporting Period.

As at 31 December 2024, the provision for ECL increased to RMB14.4 million (31 December 2023: RMB11.5 million) which was due to the increase in the loan receivables of the Group.

Other financial services business

The following table sets forth the operating results of the Group's other financial services business:

	For the year ended 31 December 2024 RMB'000	For the year ended 31 December 2023 RMB'000
Revenue	**33,331**	6,214
Net operating expenses	**(5,829)**	(3,626)
Segment results (excluded inter-segment transactions)	**27,502**	2,588

During the Reporting Period, the Group recorded revenue from other financial services business of RMB33.3 million (the Corresponding Period: RMB6.2 million). The increase in revenue derived from other financial services business was primarily due to the enhancement of the Group's business promotion efforts during the Reporting Period.

The net operating expenses of other financial services business increased by RMB2.2 million, which was mainly attributable to the increase in staff costs.

As a result of the above, the segment results (excluded inter-segment transactions) increased substantially from RMB2.6 million for the Corresponding Period to RMB27.5 million for the Reporting Period.

Game development and publishing business

The following table sets forth the operating results of the Group's game development and publishing business:

	For the year ended 31 December 2024 RMB'000
Revenue	
— Advertising revenue	26,538
— Top-up revenue	113,312
Total Revenue	139,850
Net operating expenses	(127,539)
Operating earnings	12,311
Provision for ECL of trade receivables	(580)
Segment results	11,731

During the Reporting Period, the Group commenced to engage in the game development and publishing businesses after the CashBox Acquisition. The revenue of CashBox consisted of online advertising services and top-up services, which accounted for 19.0% and 81.0%, of the total revenue of CashBox, respectively. The net operating expense of CashBox during the Reporting Period mainly represented advertising and promotion expenses and technical service fees.

Social Networking Business

The following table sets forth the operating results of the Group's social networking business:

	For the year ended 31 December 2024 RMB'000
Revenue	
— Subscription income from external customers	10,548
— Net operating expenses	(15,744)
Segment result (excluded inter-segment transactions)	(5,196)

During the Reporting Period, the Group commenced social networking business after the Beijing Liheng Acquisition. The Beijing Liheng Group's revenue represented subscription income. The net operating expense of the Beijing Liheng Group during the Reporting Period mainly represented staff costs and marketing expenses.

Key operating data of the Group

	For the year ended 31 December 2024 RMB'000	For the year ended 31 December 2023 RMB'000
Total return on loans (revenue as % of average gross loan balance)	**6.89%**	7.49%
Allowance to loans ratio (impairment allowance as % of gross loan balance)	**1.12%**	1.09%
Non-performing loan ratio (gross non-performing loan balance as % of gross loan balance)	**0.00%**	0.00%
Allowance coverage ratio (impairment allowance as % of gross non-performing loan balance)	**N/A**	N/A

Annual interest rate of commercial factoring business was around 6.0% to 8.0% for the Reporting Period, as compared with around 7.5% to 12.0% for the Corresponding Period. Total return on loans reduced because of the fact that the Peoples' Bank of China continued to lower the loan prime rate during the Reporting Period and the Group also reduced the loan interest rate for its commercial factoring business which was in-line with the market condition.

As all new loans during the Reporting Period were settled on time or remained under normal stage as at 31 December 2024, both allowance to loans ratio and non-performing loan ratio remained steady. In addition, the absence of substandard, doubtful and loss loans balance as at 31 December 2024 and 31 December 2023 resulted in 0% non-performing loan ratio and no allowance coverage ratio. The percentage of allowance coverage ratio maintained at over 100% (or not applicable), representing that the provisions made wholly covered the gross balances of all non-performing loans.

Taking into account the uncertainties of the economy, the management was cautious and considered that it would be appropriate to maintain the provision for ECL at a high level.

Provision for ECL

As mentioned above, a provision for ECL of RMB2.9 million was made for the commercial factoring business, and a provision for ECL of RMB580,000 was made for the game development and publishing business during the Reporting Period. All provisions for ECL as of 31 December 2024 were made for loan receivables. The movements in provision for ECL of trade and loan receivables are as follows:

	For the year ended 31 December 2024 RMB'000	For the year ended 31 December 2023 RMB'000
As at 1 January	**11,473**	8,068
Impairment allowances recognised	**14,944**	11,473
Impairment loss reversed	**(11,473)**	(8,068)
As at 31 December	**14,944**	11,473

Credit policies and credit approval procedures

The Group has established its own credit policies and credit approval procedures for loan applications and loans granted. The Group has set up different departments with sufficient and appropriate segregation of duties and authorities in all the business processes. The executive Directors and the designated senior management will be closely involved in the policy setting and management process to ensure an effective supervision and proper business conducts.

(i) Loan Application and Due Diligence

The business department of the Group (the "**Business Department**"), the members of which are front-line sales representatives who would stay abreast of the latest market and borrowers' status and conditions, will evaluate credit risk of the borrowers based on its assessment and analysis of the loan applications and the internal risk review system as approved by the executive Directors principally with reference to their financial performance, nature and size of business, the business relationship with the Group, credit policy, repayment history, repayment ability, value and recoverability of collateral or other security. The Business Department will then pass its due diligence findings and the key terms of a loan tentatively set by the Business Department including the principal amount, interest rate, security arrangements and tenure of the loans to the risk audit department of the Group (the "**Risk Audit Department**").

The Business Department will not accept a loan application if a borrower and/or the security do not meet the Group's requirements based on the results of its due diligence finding including the repayment history and default risk of a borrower.

(ii) Review and Approval

The Risk Audit Department will review and analyse the credit approval form presented by the Business Department and may ask for further information and documents from the borrower if considered necessary. The Risk Audit Department may also review other records of the borrower, such as past loan applications and outstanding loans with the Group.

With regard to those borrowers and security for loans which meet the Group's basic requirements, the Risk Audit Department will tentatively assess the key terms of all loans. The Risk Audit Department will then present the credit approval form to the credit review committee of the Group (the "**Credit Review Committee**") which comprises of the chief financial officer of the Company and certain other senior management, setting out its recommendations on the key terms of the loans for the Credit Review Committee's review and approval. All loans will then be reviewed and confirmed by the finance department of the Group (the "**Finance Department**").

(iii) Signing and Closing

Once a loan application has been approved, a loan agreement will be entered into between the Group and the borrower.

After signing of the loan agreement and the meeting of other conditions, such as the transfer of an accounts receivable, the Finance Department will then be responsible for transferring the funds to the borrower.

(iv) Collection and Recovery

The Group adopts a standardized collection and recovery procedure. The Finance Department is responsible for collecting the repayment funds from a borrower. However, if a borrower defaults or delays in repaying any of the outstanding sums, the Finance Department will inform the Business Department which will be responsible for following up and collecting the repayment funds from the borrower. In the case of a proposed extension of a loan, such proposal will be regarded as a new loan application subject to the due diligence and approval process described above. In accordance with the terms of the relevant loan agreement, the Group, among other remedies, will be entitled to charge default interest on the total outstanding balance of the principal amount of a loan and the interest payments accrued thereto. If a borrower fails to repay the loan including any part of the principal amount and/or accrued interest, the Group may initiate legal proceedings against such borrower to enforce the Group's right to recover the outstanding sums from such borrower after the Group have sought to recover the outstanding sums through other means but to no avail.

During the Reporting Period, the credit period granted for commercial factoring loans ranging from 90 to 360 days (the Corresponding Period: ranging from 90 to 360 days) with effective interest rates ranging from 6.0% to 8.0% (the Corresponding Period: ranging from 7.5% to 12%) per annum. The total gross trade and loan receivables from the commercial factoring service business as at 31 December 2024 amounted to RMB1.28 billion (31 December 2023: RMB1.05 billion) of which the Group's largest factoring loan borrower accounted for 15.3% of the Group's total gross trade and loan receivables from commercial factoring service business as at 31 December 2024 (31 December 2023: 15.6%).

The development strategy of the Group's factoring loan borrowers will be deeply explored from the existing channels to the upstream and downstream, and more attention will be paid to borrower's quality and risks will be assessed through comprehensive factors such as borrower's scale and strength.

None of the Group's trade and loan receivables from the commercial factoring service business were past due for the years ended 31 December 2023 and 2024.

The management of the Company believes that the Group's commercial factoring business is developing in a stable manner, and maintaining the current development strategy will create maximum benefits and higher returns for the Company and its Shareholders.

Valuation of the corresponding equity value of prepayment for acquisition

Beijing Bosheng Huifeng Business Consulting Co., Limited (the "**OPCO**") agreed to acquire 100% equity interest in Tianjin Guanchuang Mei Tong Electronic Commerce Limited ("**TJGCMT**", together with its subsidiaries, the "**TJGCMT Group**") (the "**TJGCMT Acquisition**") from Tibet Yang Guan LLP and Mr. Mao Deyi (together the "**Sellers**") pursuant to an equity transfer agreement dated 25 July 2017 (the "**Transfer Agreement**"). The TJGCMT Acquisition has not yet been completed and RMB576 million had been paid according to the loan agreement entered into between Xinda Factoring and the OPCO on 7 June 2017 (the "**OPCO Loan Agreement**") and was recorded as a prepayment by the Group (the "**Prepayment**") under non-current assets since 2019. Details of the TJGCMT Acquisition and the OPCO Loan Agreement are set out in the Company's circular dated 29 June 2017.

As at 31 December 2024 and up to the date of this annual report, approval of the People's Bank of China (the "**PBOC**") for the TJGCMT Acquisition has not yet been obtained. As of 31 December 2024 and 31 December 2023, the Group advanced RMB576 million to the OPCO as prepayments under non-current assets.

On 9 December 2023, the Regulations on the Supervision and Administration of Non-bank Payment Institutions (非銀行支付機構監督管理條例), the State Council of the People's Republic of China Order No. 768, was officially announced. According to the notice of the PBOC, the new regulations would be officially implemented on 1 May 2024. Article 59 of the new regulations provides that "The transitional measures for non-bank payment institutions established in accordance with the relevant regulations before the implementation of the regulations shall be prescribed by the PBOC." During the transitional period, the Group has suspended the application. The Group would conduct re-submission for the approval according to the more specific requirements of the PBOC upon the formal implementation of the new regulations.

In May 2024 and July 2024, the Group actively engaged with the PBOC on the progress with its application and the timing of the official release of the Regulation on the Supervision and Administration of Non-Banking Payment Institutions (the "**Implementation Rules**"). On 26 July 2024, the PBOC formally issued the Implementation Rules. The Implementation Rules have redefined the approval process of the administrative licence for the change of the actual controller, and the Group is now actively preparing the corresponding materials in accordance with the provisions of the Implementation Rules.

As the Group gradually transitions into an internet platform content service provider and TJGCMT has completed the license renewal, there have been significant opportunities for the development of TJGCMT's business. Various business scenarios within and outside the Group, including but not limited to online payments, cross-border e-commerce, and other payment functions across different transaction scenarios, have the potential to become new business growth drivers for TJGCMT.

Based on the above reasons, the Board considers that TJGCMT can play a crucial role in the business development of the Group. It will continue to advance the completion of the TJGCMT Acquisition in 2025, which will bring more development opportunities and synergies to the Group and is in the interests of the Group and all Shareholders.

According to the Transfer Agreement, if the transfer of the equity interest in TJGCMT is not completed eventually, the Group has the right to require the Sellers to return the paid equity transfer price in accordance with the provisions of the Transfer Agreement, subject to the rights and obligations of the parties under the Transfer Agreement and limitation of action. On 25 March 2024, a personal undertaking was made by Mr. Wong Kwong Yu ("**Mr. Wong**"), spouse of Ms. Du Juan ("**Ms. Du**"), the controlling shareholder of the Company (the "**Wong's Undertaking**"). Pursuant to the equity transfer agreement, if the transaction of the equity (the "**Transaction**") cannot be completed, eventually Mr. Wong undertook that the OPCO will be procured to use all legal means to dispose of the equity interest in TJGCMT held by the Sellers so as to enable the OPCO to recover part or all of the consideration of the equity transfer. In the event that, after such disposal, the OPCO is still unable to recover part or all of the relevant consideration of the equity transfer and the Group cannot receive the full Prepayment on or before 31 December 2025, Mr. Wong will procure to make good any shortfall with his personal assets to the Group on or before 31 December 2026. The Wong's Undertaking became effective and replaced the original undertaking by Ms. Du which has been terminated. The Directors are of the view that the Wong's Undertaking provided by Mr. Wong will bring greater confidence to the Company and push forward the Transaction.

At the Board meeting in March 2025, the Directors considered the status of the Transaction, in particular, whether the Company should continue to accept the uncertainty of further pending approval, instead of deciding to terminate the Transaction and requesting immediate return of the Prepayment of RMB576,000,000. Apart from this, taking into account the management's latest view on the commercial rationale of the TJGCMT Acquisition, the strategic value of the TJGCMT Acquisition to the Group, and that the publication of the Implementation Rules will bring more certainty to the TJGCMT Acquisition, the Directors are of the view that the Company should continue to actively promote the approval procedure of the TJGCMT Acquisition, failing which a final review of the Board by 31 December 2025, at which time, if the Transaction cannot still be completed, the Company may cancel the Transaction and seek alternative opportunities.

Given the abovementioned facts and circumstances and with the current available information, management of the Company had performed an impairment assessment on the equity value corresponding to the Prepayment made by the Group to the OPCO as at 31 December 2024. Since the estimated recoverable amount of the Prepayment was larger than its carrying amount, the Directors considered that no impairment of the Prepayment would be recognised for the Reporting Period (the Corresponding Period: nil). For details, please refer to note 19 to the consolidated financial statements in this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

Looking ahead to the global economic landscape, the year of 2025 may witness a certain degree of resilience in the world economy, characterized by a moderate recovery alongside persistent structural challenges. The decline in inflation and the potential for accommodative monetary policies could provide a modest boost to the global economy. According to the "2025 World Economic Situation and Prospects", the global economic growth rate is expected to remain at 2.8% in 2025, same as in 2024. However, the accumulation of uncertainties such as geopolitical conflicts and trade barriers continues to pose significant risks, potentially exposing China's economic development to multiple external challenges. As a core growth driver in East Asia, China is projected to achieve a GDP growth rate of 5%, with consumption recovery and investments in emerging industries serving as key pillars of support. Although global trade volume is expected to grow by 3.2%, the rise of protectionism and the restructuring of supply chains may compel enterprises to accelerate their diversification strategies.

Looking forward to 2025, the concluding year of the 14th Five-Year Plan, the Central Economic Work Conference has generally directed to the implementation of more proactive and impactful macroeconomic policies based on the current situation and tasks. The trend of China's economy in "pursuing stability while maintaining progress" is expected to continue. Driven by the dual forces of innovation and consumption upgrading, coupled with the continuous release of positive signals at the national policy level, digital technologies, green energy, and high-end manufacturing are becoming the core momentum of new quality productivity. Technologies such as AI and block-chain are deeply empowering industrial upgrading and driving continuous transformation of innovation capabilities, potentially fostering a shift in the endogenous drivers of China's economic development. This will help cultivate and expand new quality productivity, improve the quality and efficiency of economic development, and thus solidify the resilience of the Chinese economy.

Despite the complicated global economic situation and intensified uncertainty, driven by the technological revolution and industrial transformation, and coupled with the economic and social green low-carbon transformation, digital and intelligent transformation, China's economic structure is undergoing profound changes, which are placing new demands on the structure of the financial market system. According to market size analysis of supply chain finance, it is anticipated that the supply chain finance in China will grow at a CAGR of 10.3% over the next five years, with the market size is expected to exceed RMB60 trillion by 2027. The Group will seize the development opportunities in the industry, continuously optimize the operation of financial technology-related services, ensure steady growth of the Group, and actively leverage technologies such as big data and artificial intelligence to enhance service capabilities. The Group will further explore the integration and development paths of "technology + finance," providing high-quality and secure financial services to its client companies.

With the introduction of a number of policies in China to support the promotion of Web3.0 technology innovation and high-quality industrial development, focusing on core businesses such as financial technology services, digital internet platforms, and the digital content ecosystem, the closed loop of "socializing + business" created by the Group has taken shape, and the AI social platform applications that integrate socializing, business, life and content creation have entered the testing stage. Under the opportunities of the Web3.0 era, the Group will actively use big data, artificial intelligence and other technical means to further explore the integration and development of its digital internet business represented by Tongtong APP, CashBox, etc. The Group continues to look for potential acquisitions of certain business lines related to its core business segments to create synergies for the Group's businesses.

In the future, the Group will focus on the building of a combination of "brand value thickness + technology application efficiency + ecological synergy ability", consolidate the existing business foundation under the compliance framework, continue to explore new development opportunities under the comprehensive internet digital ecological cluster in the Web3.0 era, integrate relevant resources and innovative technologies and further realize the diversified layout of the Group's businesses, through which the management believes will effectively help to seek a new path for the Group's value growth, create more possibilities for the Group's development and bring more stable and generous returns to the Shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position is sound with strong equity and working capital bases. As at 31 December 2024, the Group's total equity amounted to RMB2,465.1 million (31 December 2023: RMB1,684.2 million), and had no pledged bank deposit (31 December 2023: nil). As at 31 December 2024, the Group's cash and cash equivalents decreased to RMB130.5 million (31 December 2023: RMB284.4 million). In the opinion of the management, the decrease in cash balance was the result of optimisation of the use of funds, which can improve the profitability of the Group as a financial institution.

During the Reporting Period, the Group recorded cash outflow from its operating activities of RMB152.3 million (the Corresponding Period: RMB84.2 million), which was mainly attributable to the increase in trade receivables and loan receivables of RMB227.7 million (the Corresponding Period: RMB125.7 million). The Group recorded a cash outflow from investing activities of RMB22.0 million during the Reporting Period, compared to an inflow of RMB443.2 million in the Corresponding Period which was mainly due to the withdrawal of pledged deposit for bank loans of RMB434.2 million during the Corresponding Period. The Group recorded a cash outflow from financing activities of RMB1.7 million (the Corresponding Period: RMB391.7 million) as a result of the repayment of principal portion of lease payments and other finance charges.

The Group's current ratio as at 31 December 2024 was 18.2 (31 December 2023: 73.9). The Group's gearing ratio, expressed as percentage of total liabilities less tax payable, divided by the Group's total equity was 5.25% as at 31 December 2024 (31 December 2023: 0.38%).

The Group had no particular seasonal pattern of borrowing. As at 31 December 2024, the Group did not have any bank borrowings (31 December 2023: nil).

CAPITAL STRUCTURE

During the Reporting Period, the Company implemented a capital reorganisation which involves the following:

(i) the capital reduction (the "**Capital Reduction**") whereby the par value of each of the issued existing shares was reduced by cancelling the paid-up share capital of the Company to the extent of HK$0.09 on each issued existing share such that the par value of each issued existing share was reduced from HK$0.10 to HK$0.01, and the credit arising from the Capital Reduction was transferred to the contributed surplus account and applied towards offsetting the accumulated losses of the Company; and

(ii) the share sub-division whereby, immediately following the Capital Reduction becoming effective, each authorised but unissued existing share was sub-divided into ten (10) unissued new shares with a par value of HK$0.01 each.

In addition, 2,500,000,000 new ordinary shares of the Company (the "**Consideration Shares**") with an aggregate nominal value of HK$250,000,000 were allotted and issued to the relevant vendors at the issue price of HK$0.08 per Consideration Share (representing the closing price of the Shares of HK$0.08 per Share as quoted on the Stock Exchange on the 16 October 2023, being the date of the sale and purchase agreements in respect of the CashBox Acquisition) at completion of the CashBox Acquisition on 21 June 2024 in settlement of the consideration for the CashBox Acquisition. The Consideration Shares comprise (i) 2,185,286,341 Consideration Shares issued to Mega Bright Capital Resources Limited; and (ii) 314,713,659 Consideration Shares issued to Hongkong Mingrun Business Co., Limited (香港銘潤商貿有限公司).

After the capital reorganisation and issuance of the Consideration Shares, the number of issued ordinary shares of the Company has increased to 5,201,123,120 shares as at 31 December 2024 (31 December 2023: 2,701,123,120 shares).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

The CashBox Acquisition

During the Reporting Period, the Group completed the acquisition of 100% of the issued share of GOME Faith International Investment Limited (國美信國際投資有限公司) ("**GOME FIIL**"), which indirectly owns 47.7% equity interest in CashBox, as well as the acquisition of 3.3% interest CashBox.

Immediately after completion, GOME FIIL has become a wholly-owned subsidiary of the Company and CashBox has become an indirect non-wholly owned subsidiary of the Company, and the financial results of the GOME FIIL and CashBox have been consolidated in the financial statements of the Group.

For further details, please refer to the Company's announcements dated 16 October 2023 and 24 January 2024 and the Company's circular dated 8 May 2024.

The Beijing Liheng Acquisition

On 28 August 2024, the Company acquired Beijing Liheng through Fuqin (Ningbo), which is a non-wholly owned subsidiary of the Company, by entering into the Beijing Liheng VIE Contracts, pursuant to which Fuqin (Ningbo) will have effective control over the finance and operation of Beijing Liheng and will enjoy the entire economic interests and benefits generated by Beijing Liheng.

Upon entering into the Beijing Liheng Contractual Arrangements, the financial results of Beijing Liheng have been consolidated into the results of the Group as if Beijing Liheng is a subsidiary of the Company. For further details, please refer to the Company's announcement dated 28 August 2024.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments as at 31 December 2024 (31 December 2023: nil).

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

The Group did not have any pledged assets or material contingent liabilities as at 31 December 2024 (31 December 2023: nil).

TREASURY POLICIES AND FOREIGN EXCHANGE EXPOSURE

The Group has continued to adopt a conservative treasury policy, with all bank deposits held in HKD, RMB, and USD. The Board and the management have been closely monitoring the Group's liquidity position, performing ongoing credit evaluations and monitoring the financial conditions of its customers in order to ensure the Group's healthy cash position. The Group has been investing in certain principal guaranteed structured deposit products offered by a bank with the surplus cash arising in the ordinary and usual course of business of the Group from time to time. The principal amount invested by the Group in these products was determined by the Group having regard to the surplus cash position of the Group from time to time and after taking into account the highly liquid nature of such investments and nearly no financial risks involved. The Group has not adopted any hedging policy and the Group has not entered into any derivative products. However, the executive Directors and the management of the Company will continue to monitor the foreign currency exchange exposure and will consider adopting certain hedging measures against the currency risk when necessary.

STAFF AND REMUNERATION

The Group employed 381 employees in total as at 31 December 2024 (31 December 2023: 31). The Group pays for social insurance for its employees in Mainland China in accordance with the applicable laws in the PRC. The Group also maintains insurance coverage and contributes to mandatory provident fund schemes for its employees in Hong Kong in accordance with the applicable laws in Hong Kong. During the Reporting Period, the Group had no forfeited contribution available to reduce its contribution to the pension schemes. The overall aim of the Group's employee and remuneration policy is to retain and motivate staff members to contribute to the continuing success of the Group. For the Reporting Period, the remuneration for the employees of the Group, but excluding the Directors' and chief executive's remunerations, was RMB20.1 million (the Corresponding Period: RMB9.9 million). During the Reporting Period, the Group conducted timely staff training to ensure that employees were familiar with the industry and the Group's business conditions.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhou Yafei

Mr. Zhou Yafei ("**Mr. Zhou**"), aged 57, was appointed as an executive director and the chairman of the board of directors of the Company with effect from 26 March 2021 and 18 March 2025, respectively. Mr. Zhou is currently a member of the Nomination Committee of the Company (the "**Nomination Committee**") and the chairman of Strategy Committee of the Company (the "**Strategy Committee**"). Mr. Zhou was the Chief Financial Officer of GOME Appliance Co., Ltd. from 2000 to 2004, and subsequently remained in his position as the Chief Financial Officer for GOME Retail Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 00493), from 2004 to 2008 after the injection of GOME Appliance Co., Ltd. into GOME Retail Holdings Limited in 2004, and has been the executive vice president of GOME Holding Group Company Limited (incorporated in Beijing, the PRC) since 2009. Mr. Zhou has over 30 years of experience in PRC accounting, finance and tax consulting. He is a registered accountant (non-practising) and a registered tax agent (non-practising) in the PRC. Mr. Zhou graduated from the Beijing Institute of Technology with a master's degree.

Mr. Zhou has been appointed as an non-executive director of Lajin Entertainment Network Group Limited, a company listed on GEM of the Stock Exchange (stock code: 08172), since April 2015.

Mr. Song Chenxi

Mr. Song Chenxi ("**Mr. Song**"), aged 42, was appointed as an executive director of the Company with effect from 13 December 2023. Mr. Song is currently a member of the Strategy Committee. He had served as the director of the investment management centre of Gome Holding Group Co., Ltd. and the chief financial officer of the Company from August 2015 to January 2018. Mr. Song rejoined the Group in October 2023 as the chief financial officer of the Company. Mr. Song graduated from Tianjin University of Finance and Economics in June 2009 with a master's degree in accounting. Mr. Song is also a Chinese Certified Public Accountant.

Mr. Song has extensive management experience in the fields of finance and Internet technology. Prior to joining the Group, Mr. Song served as senior auditor of the Tianjin branch of Deloitte Touche Tohmatsu Certified Public Accountants LLP from September 2009 to June 2012. Mr. Song also served as the financial controller of China Wood Optimization (Holding) Limited (HKEX: 01885) from June 2012 to August 2015, the financial controller of Shenzhen Invengo Information Technology Co., Ltd. (深圳市遠望谷信息技術股份有限公司) from July 2018 to June 2021, the chief financial officer of Shenzhen Kinetic Energy Wireless Media Co., Ltd. (深圳市動能無綫傳媒有限公司) from July 2021 to February 2022, and the financial controller of East Point Communication Technology (Shenzhen) Co., Ltd. (衜東光通訊技術(深圳)股份有限公司) from June 2022 to October 2023.

Mr. Song has been the independent director of Tianjin Jinrong Tianyu Precision Machinery Co., Ltd. (天津津榮天宇精密機械股份有限公司), a company listed on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300988), since November 2023.

Mr. Song was also an independent director of Beijing Jindayu Environment Technology Co., Ltd. (北京今大禹環境技術股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 873976), from December 2020 to December 2024.

NON-EXECUTIVE DIRECTOR

Ms. Wei Ting

Ms. Wei Ting ("**Ms. Wei**"), aged 43, was appointed as an non-executive director of the Company with effect from 13 December 2023. Ms. Wei is currently a member of the Audit Committee of the Company (the "**Audit Committee**") and a member of the Remuneration Committee of the Company (the "**Remuneration Committee**"). She is the vice president of the human resources department of GOME Holding Group Company Limited and is responsible for its overall human resources management. Ms. Wei has more than 20 years of experience in human resources management, in particular organisational development, talent development, remuneration incentives and corporate culture. Ms. Wei has been appointed as an executive director and a member of the remuneration committee of GOME Retail Holdings Limited since August 2024.

Ms. Wei graduated from Nankai University in business administration in June 2003. She obtained a Master of Business Administration degree from Renmin University of China in 2011.

Ms. Wu Qian

Ms. Wu Qian ("**Ms. Wu**"), aged 38, was appointed as an non-executive Director of the Company with effect from 25 July 2024. Ms. Wu is currently a member of the Strategy Committee. She has held various positions in Gome Capital Management Limited ("**Gome Capital**") since September 2016, including Investment Manager, Investment Director, and Senior Investment Director. She currently serves as the General Manager of Gome Capital, responsible for strategic cooperation, investment and financing, and mergers and acquisitions related to companies under Gome Capital and Gome Holding Group Company Limited. Since June 2023, Ms. Wu has also been serving as a director at Gome Telecom Equipment Co., Ltd. (SSE Code: 600898).

Ms. Wu graduated in 2007 from the University of International Business and Economics with a bachelor's degree in international finance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mak Yau Kee Adrian

Mr. Mak Yau Kee Adrian ("**Mr. Mak**"), aged 64, was appointed as an independent non-executive director of the Company with effect from 5 February 2024. Mr. Mak is the chairman of the Audit Committee and the chairman of the Nomination Committee. He is a fellow member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Investor Relations Association. He is also a member of the Hong Kong Securities and Investment Institute. Mr. Mak has accumulated over 40 years of accounting and corporate finance experience gained in Hong Kong and the United Kingdom.

Mr. Mak is an independent non-executive director of Tencent Music Entertainment Group (NYSE: TME and HKEX: 01698) and is chairman of its audit committee. He is also a director of Shaw Trustee (Private) Limited which is the trustee of the Sir Run Run Shaw Charitable Trust.

Mr. Mak was previously CFO of a number of listed companies including Television Broadcasts Limited (HKEX: 00511) and Global Digital Creations Holdings Limited (HKEX: 08271). He also served as a director at the Securities and Futures Commission and worked in various offices of KPMG. Mr. Mak holds a degree in Bachelor of Science in Chemical Engineering from the University of Birmingham.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Professor Japhet Sebastian Law

Professor Japhet Sebastian Law ("**Professor Law**"), aged 73, was appointed as an independent non-executive director of the Company with effect from 10 April 2024. Professor Law is currently the chairman of the Remuneration Committee and a member of the Audit Committee and the Strategy Committee. He obtained his doctor of philosophy degree in mechanical/industrial engineering from the University of Texas at Austin in 1976. He was a professor in the Department of Decision Sciences and Managerial Economics of the Chinese University of Hong Kong from 1986 until 2012, and the associate dean and subsequently the dean of the Faculty of Business Administration of the Chinese University of Hong Kong from 1993 to 2002. Prior to returning to Hong Kong, Professor Law was the director of Operations Research at the Cullen College of Engineering and the director of Graduate Studies in Industrial Engineering at the University of Houston, and was also involved in the U.S. Space Program in his career in McDonnell Douglas and Ford Aerospace in the U.S. Professor Law has acted as a consultant for various corporations in Hong Kong and overseas. He is active in public services, having served as a member of the Provisional Regional Council and various other government advisory committees of the Hong Kong government, and is also active in serving on the boards of profit, non-profit, and charitable organisations in Hong Kong and overseas.

Professor Law is currently an independent non-executive director of the following companies listed on the Stock Exchange: Binhai Investment Company Limited (stock code: 02886), Tianjin Port Development Holdings Limited (stock code: 03382), Regal Hotels International Holdings Limited (stock code: 00078) and Tianjin Binhai Teda Logistics (Group) Corporation Limited (stock code: 08348). He also serves as an independent supervisor of Beijing Capital International Airport Company Limited (stock code: 00694).

Professor Law was also an independent non-executive director of Global Digital Creations Holdings Limited, a company listed on the Stock Exchange (stock code: 8271), from September 2008 to May 2024, and an independent non-executive director of Shougang Fushan Resources Group Limited, a company listed on the Stock Exchange (stock code: 639), from September 2013 to May 2024.

Professor Huang Song

Professor Huang Song ("**Professor Huang**"), aged 47, was appointed as an independent non-executive director of the Company with effect from 19 April 2024. Professor Huang is currently a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Professor Huang obtained his Ph.D. in economics from Peking University. Mr. Huang was an associate professor from August 2011 to August 2020 and a professor since August 2020 in the School of Software and Microelectronics of Peking University. He has been an independent director of Beijing Life Insurance Co., Ltd. since March 2018. Professor Huang's major research areas include financial technology, private equity and venture capital.

SENIOR MANAGEMENT

Ms. Xue Huiyin ("**Ms. Xue**"), aged 34, joined the Group in February 2017 and currently served as the deputy financial controller of the Group. Ms. Xue has over 10 years of experience in financial management. She was a senior auditor of BDO China Shu Lun Pan Certified Public Accountants LLP Beijing Branch and an assistant manager of KPMG Huazhen LLP. Ms. Xue graduated from Northeastern University with a bachelor's degree in accounting in June 2012. Ms. Xue is a certified public accountant in the PRC and possesses the qualifications of tax advisor and intermediate accountant.

REPORT OF THE DIRECTORS

The board (the "**Board**") of directors (the "**Directors**") of Tong Tong AI Social Group Limited (the "**Company**") is pleased to present its report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the Reporting Period.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise (i) the provision of financial services, including the provision of commercial factoring and other financial services; and (ii) the provision of digital internet services including social commerce platforms, development and distribution of digital content including games, details of which are set out in note 1 to the consolidated financial statements.

CHANGE OF COMPANY NAME

By a special resolution passed on 26 September 2024, the English name of the Company has been changed from "Gome Finance Technology Co., Ltd." to "Tong Tong AI Social Group Limited" and the secondary name in Chinese "通通AI社交集團有限公司" has been adopted in place of "國美金融科技有限公司" (the "**Change of Company Name**"), and the new names have been entered into the register maintained by the Registrar of Companies in Bermuda with effect from 4 October 2024.

The certificate of registration of alteration of name of registered non-Hong Kong company was also issued by the Registrar of Companies in Hong Kong on 22 October 2024 confirming the registration of the Company's new English and Chinese names of "Tong Tong AI Social Group Limited" and "通通AI社交集團有限公司" respectively in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Following the Change of Company Name taking effect, the shares of the Company have been traded on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") under the new English stock short name of "TONGTONG AI SOC" and Chinese stock short name of "通通AI社交" in place of "GOME FIN TECH" in English and "國美金融科技" in Chinese, with effect from 4 November 2024. The Company's logo, website and email address have been changed as well. For details, please refer to the announcements of the Company dated 28 August 2024, 26 September 2024 and 30 October 2024 and the circular of the Company dated 6 September 2024.

REPORT OF THE DIRECTORS

BUSINESS REVIEW

A review of the business of the Group during the Reporting Period and discussion on the Group's future business development are provided in the Management Discussion and Analysis section from pages 5 to 25 of this annual report.

Details of the risks associated with the operation of the Group are set out in the Risk Factors section from pages 52 to 55 of this annual report and the financial risk management objectives and policies of the Group are shown in note 34 to the consolidated financial statements. An analysis of the Group's performance during the year using key financial performance indicators is provided in the Management Discussion and Analysis section from pages 5 to 25 of this annual report.

Discussion on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are provided in the Environmental, Social, and Governance Report from pages 72 to 125 of this annual report.

During the Reporting Period, the Company has complied with all relevant laws and regulations that have a significant impact on the Company.

Other than financial performance, the Group believes that a high standard of corporate social responsibility is essential for building up a good corporate and social relationship and motivating staff and creating a sustainable return to the Group. We are committed to contributing to the sustainability of the environment and community in which we conduct business and where our stakeholders live.

ENVIRONMENTAL PROTECTION

As a responsible business participant, the Group strictly endeavoured to comply with laws and regulations regarding environmental protection.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group is dedicated to operating sustainably while balancing the interests of its stakeholders, including customers, suppliers, and employees. It strives to provide customers with high-quality products and timely, effective pre- and after-sales services. Likewise, the Group regards its suppliers as strategic partners rather than mere vendors. Its procurement policy emphasizes fostering strong relationships and open communication with suppliers based on mutual trust. Additionally, the Group values its employees as essential to long-term business success. Prioritizing workplace safety, the Group ensures year-round awareness among employees, enabling it to maintain a safe working environment.

RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss on page 134 and consolidated statement of profit or loss and other comprehensive income on page 135 of this annual report.

The Directors did not recommend the payment of a final dividend for the Reporting Period (the Corresponding Period: nil).

DIVIDEND POLICY

Any declaration of dividends will be determined at the Board's full discretion depending upon a number of factors including, without limitation, the distributable profit of the Company, the working capital requirement of the Group, business environment and availability of investment opportunities and will be subject to the approval of the shareholders of the Company. Pursuant to the Bye-laws of the Company, the Board may also pay interim dividends from time to time if justified by the profits of the Company. There can be no assurance that dividends of any amount will be declared or distributed in any given year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 216 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Reporting Period are set out in note 26 to the consolidated financial statements.

ISSUE OF SHARES

During the Reporting Period, 2,500,000,000 new ordinary shares of the Company with an aggregate nominal value of HK250,000,000 were allotted and issued at the issue price of HK$0.08 per share on 21 June 2024 in settlement of the consideration for the CashBox Acquisition. For further details, please refer to the Company's announcements dated 16 October 2023 and 24 January 2024 and the Company's circular dated 8 May 2024.

EQUITY-LINKED AGREEMENTS

For the Reporting Period, there were no equity-linked agreements entered into during the year or subsisting at 31 December 2024 that would or may result in the Company issuing Shares or that requires the Company to enter into any agreements that would or may result in the Company issuing Shares.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including any sale of treasury shares) during the Reporting Period (the Corresponding Period: nil).

As at 31 December 2023 and 2024, the Company did not have any treasury shares.

PRE-EMPTIVE RIGHTS

As at 31 December 2024, there was no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in note 27 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution to shareholders, calculated in accordance with the provision of the Companies Act 1981 of Bermuda (as amended), amounted to nil (31 December 2023: nil).

DONATION

No charitable donation was made by the Group for the Reporting Period (the Corresponding Period: nil).

MAJOR CUSTOMERS

For the Reporting Period, the percentage of revenue attributable to the Group's top five customers was 19.8% (the Corresponding Period: 60.5%) of the total revenue of the Group with the top customer contributing to 4.1% (the Corresponding Period: 12.9%) of the Group's revenue. The Group is principally engaged in (i) the provision of financial services, including the provision of commercial factoring and other financial services; and (ii) the provision of digital internet services including social commerce platforms, development and distribution of digital content including games. There was no major supplier to the Group during the Reporting Period (the Corresponding Period: nil).

None of the Directors or any of their close associates or any shareholders which, to the knowledge of the Directors, own more than 5% of the Company's issued share capital has any interest in the Group's five largest customers.

RELATED PARTY TRANSACTIONS

Except certain transactions disclosed under "CONNECTED TRANSACTIONS AND DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES" and "CONTINUING CONNECTED TRANSACTIONS" below, the other related party transactions set out in note 31 to the consolidated financial statements either did not fall within the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange, or fell within the definition of "connected transaction" or "continuing connected transaction" under the Listing Rules but were exempted from the connected transaction requirements under Rules 14A.73 or 14A.90 of the Listing Rules.

The transactions disclosed under "CONNECTED TRANSACTIONS AND DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES" and "CONTINUING CONNECTED TRANSACTIONS" below have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS AND DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

The information required for disclosure under Rule 14A.71 of the Listing Rules in relation to the Group's connected transactions conducted during the Reporting Period and/or under Rule 13.20 of the Listing Rules in relation to the Group's advance to an entity as at 31 December 2024 (as the case may be) is as follows:

Acquisition of Tianjin Guanchuang Mei Tong Electronic Commerce Limited

On 7 June 2017, Gome Xinda Commercial Factoring Limited ("**Xinda Factoring**"), an indirect wholly-owned subsidiary of the Company, entered into a loan agreement with Beijing Bosheng Huifeng Business Consulting Co., Limited (北京博盛匯豐商業諮詢有限公司) the ("**OPCO**"), a company incorporated in the PRC with limited liability and owned as to 90% by Ms. Du Juan ("**Ms. Du**") (the controlling shareholder of the Company) and 10% by Mr. Ding Donghua, pursuant to which Xinda Factoring agreed to provide an unsecured non-interest loan for an amount of RMB720 million (the "**Consideration**") to the OPCO solely for the purpose to acquire the entire equity interest in Tianjin Guanchuang Mei Tong Electronic Commerce Limited ("**TJGCMT**") (the "**TJGCMT Acquisition**"). As at 31 December 2021, an aggregate amount of RMB576 million, representing 80% of the Consideration, was advanced to the OPCO to pay for the Consideration (the "**Prepayment**"). The OPCO will use 90% of the dividends arising from its interest in TJGCMT to repay the loan and the OPCO undertakes that if the completion of the TJGCMT Acquisition does not take place, the OPCO shall refund the loan (with accrued interest) to Xinda Factoring in full. Other details of this transaction have been disclosed in the circular of the Company dated 29 June 2017.

As at 31 December 2024 and up to the date of this annual report, the TJGCMT Acquisition was not yet completed. Details of the status of the TJGCMT Acquisition are disclosed on pages 20 to 21 under the section headed "Management Discussion and Analysis" in this annual report.

As at 31 December 2024, the aggregate amount of RMB576 million advanced to the OPCO exceeded 22.1% under the assets ratio defined under Rule 14.07(1) of the Listing Rules, thereby giving rise to the Company's disclosure obligation under Rule 13.20 of the Listing Rules.

Acquisition of CashBox Group Technology (Hong Kong) Limited ("CashBox")

During the Reporting Period, the Group completed the acquisition of 100% of the issued share of GOME Faith International Investment Limited (國美信國際投資有限公司) ("**GOME FIIL**"), which indirectly owns 47.7% equity interest in CashBox, as well as the acquisition of 3.3% of the issued shares of CashBox.

Immediately after completion, GOME FIIL has become a wholly-owned subsidiary of the Company and CashBox has become an indirect non-wholly owned subsidiary of the Company, and the financial results of the GOME FIIL and CashBox have been consolidated in the financial statements of the Group.

For further details, please refer to the Company's announcements dated 16 October 2023 and 24 January 2024, the Company's circular dated 8 May 2024, the poll results of special general meeting of the Company dated 28 May 2024 and the next day disclosure return of the Company dated 21 June 2024.

CONTINUING CONNECTED TRANSACTIONS

The information required for disclosure under Rule 14A.71 of the Listing Rules in relation to the Group's continuing connected transactions conducted during the Reporting Period is as follows:

Factoring Service Framework Agreement

The Company and Swiree Capital Limited ("**Swiree**") entered into a factoring service framework agreement (the "**Factoring Service Framework Agreement**") on 23 April 2021 to renew the framework for the provision of the Connected Factoring Loans to the Connected Factoring Loan Borrowers for the three years ended 31 December 2024. The principal terms of the Existing Factoring Service framework Agreement are as follows:

Parties:	(i) The Company (ii) Swiree
Term:	From 1 January 2022 to 31 December 2024 (both days inclusive)
Subject:	Pursuant to the Factoring Service Framework Agreement, members of the Group may grant commercial factoring loans to the suppliers (the "**GOME Suppliers**") of GOME Retail Holdings Limited ("**GOME**") and its subsidiaries (the "**GOME Group**") and/or connected person(s) of the Company who are connected with the GOME Group, Mr. Wong Kwong Yu ("**Mr. Wong**", the husband of Ms. Du) and/or Ms. Du (the controlling shareholder of the Company) (collectively the "**Connected Factoring Loan Borrowers**") from time to time, which are conditional upon transfer of the relevant accounts receivable of such GOME Suppliers (being trade payables of the GOME Group) and/or the relevant accounts receivable of such connected persons to the Group (the "**Connected Factoring Loans**"). The Connected Factoring Loan Borrowers shall pay interest and/or other charges (such as penalty interest, early repayment charge and costs incurred in relation to debt collection, if applicable) to the relevant members of the Group for the factoring services.
Guiding principles for providing Connected Factoring Loans:	(i) The members of the Group may from time to time and in view of their business demand enter into separate factoring agreements with the Connected Factoring Loan Borrowers, which shall comply with the terms and conditions as set out in the Factoring Service Framework Agreement. (ii) The Company will limit the aggregate revenue generated from the Connected Factoring Loans to not more than RMB24,000,000, RMB27,000,000 and RMB30,000,000 for the years ended 31 December 2022, 2023 and 2024, respectively.

(iii) The maximum daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans which may be granted by the Group during the term of the Factoring Service Framework Agreement is subject to the following annual caps:

For the year ended		
31 December 2022	**31 December 2023**	**31 December 2024**
RMB400,000,000	RMB450,000,000	RMB500,000,000

The largest outstanding principal amount of the Connected Factoring Loans and the aggregate revenue generated from the Connected Factoring Loans during the Reporting Period amounted to approximately RMB479,500,000 (2023: approximately RMB404,300,000) and RMB29,338,000 (2023: RMB26,840,000), respectively. Other details of the Factoring Service Framework Agreement have been disclosed in the circular of the Company dated 26 May 2021 and the announcement of the Company dated 11 November 2024.

Reasons for entering into the Factoring Framework Agreement

The commercial factoring business is the main source of income for the Group. The demand for factoring loans from connected persons of the Company who are connected with the Connected Factoring Loan Borrowers represent an opportunity for the Group to expand its commercial factoring business and achieve better economies of scale.

Contractual Arrangements

The Acquisition of Beijing Liheng

On 28 August 2024, 賦勤(寧波)科技有限公司 (Fuqin (Ningbo) Technology Co., Ltd.*) ("**Fuqin (Ningbo)**") (a company incorporated in the PRC with limited liability, which is a non-wholly owned subsidiary of the Company), 北京立衡企業管理有限公司 (Beijing Liheng Enterprise Management Co., Ltd.*) ("**Beijing Liheng**", and together with its subsidiaries, the "**Beijing Liheng Group**"), a company incorporated in the PRC with limited liability, which is owned as to 90% by Mr. Zhou Yafei ("**Mr. Zhou**") and 10% by Mr. Song Chenxi ("**Mr. Song**") (who are both executive Directors) (the "**Beijing Liheng PRC Registered Shareholders**"), and the Beijing Liheng PRC Registered Shareholders entered into certain agreements (the "**Beijing Liheng VIE Contracts**"), pursuant to which Fuqin (Ningbo) will have effective control over the finance and operation of Beijing Liheng and will enjoy the entire economic interests and benefits generated by Beijing Liheng (the "**Beijing Liheng Contractual Arrangements**").

Upon entering into the Beijing Liheng Contractual Arrangements, the financial results of the Beijing Liheng Group has been consolidated into the results of the Group as if Beijing Liheng is a subsidiary of the Company.

REPORT OF THE DIRECTORS

The Beijing Liheng Group is or will be principally engaged in social networking, AI and blockchain services, digital asset auction, e-commerce, information and short video publishing, information technology services, and research and development of technology businesses in the PRC. The subsidiaries of Beijing Liheng held various licenses for the operation of the Beijing Liheng Group's businesses, including business licenses, EDI license (在線數據處理與交易業務經營許可證), ICP license (中華人民共和國電信與信息服務業務經營許可證) and ICB license (網絡文化經營許可證).

For the Reporting Period, the Beijing Liheng Group's revenue amounted to RMB10.5 million, representing approximately 4.0% of the total revenue of the Group. As at 31 December 2024, the assets that were subject to the Beijing Liheng Contractual Arrangements amounted to RMB84.6 million, representing approximately 3.2% of the total assets of the Group.

During the Reporting Period, there was no material change in the Beijing Liheng Contractual Arrangements and/or the circumstances under which they were adopted.

During the Reporting Period, there was no termination of the Beijing Liheng Contractual Arrangements or failure to terminate when the restrictions that led to the adoption of the Beijing Liheng Contractual Arrangements were removed

Material Terms of the Beijing Liheng VIE Contracts

A summary of the material terms of the Beijing Liheng VIE Contracts is set out below:

- *Exclusive Business Cooperation Agreement:* Beijing Liheng agreed to engage Fuqin (Ningbo) as the exclusive service provider to provide Beijing Liheng with technical support and consulting services within the business scope of Beijing Liheng, including but not limited to, technical services, internet network support, business consultation, intellectual property licensing, provision or leasing of equipment, marketing consultation, system integration and maintenance, products research and development, and arrangement of directors and senior management (the "**Services**"). Beijing Liheng agreed to pay its entire net income to Fuqin (Ningbo) as service fees for the Services on a yearly basis. Without the prior written consent of Fuqin (Ningbo), Beijing Liheng shall not engage or cooperate with any third party for the provision of services same as or similar to the Services.

- *Exclusive Call Option Agreement:* The Beijing Liheng PRC Registered Shareholders irrevocably granted to Fuqin (Ningbo) (or any person(s) designated by Fuqin (Ningbo)), the exclusive option(s) to purchase, to the extent permitted by the PRC laws and regulations, the Beijing Liheng PRC Registered Shareholders' equity interests (entirely or partially) in Beijing Liheng. The aggregate consideration for the exercise of the option(s) shall be an amount equivalent to the registered capital of Beijing Liheng (i.e. RMB1,000,000) or a minimum purchase price as permitted under the PRC laws and regulations, or such other price as may be designated by the relevant PRC authority. Pursuant to the Exclusive Call Option Agreement, the Beijing Liheng PRC Registered Shareholders shall reimburse Fuqin (Ningbo) (or any person(s) designated by Fuqin (Ningbo)) any consideration paid by Fuqin (Ningbo) (or any person(s) designated by Fuqin (Ningbo)) to the Beijing Liheng PRC Registered Shareholders. Fuqin (Ningbo) may exercise such option(s) at any time until it or the person(s) designated by it has acquired the entire equity interests in Beijing Liheng.

- *Equity Pledge Agreement:* The Beijing Liheng PRC Registered Shareholders pledged all of their equity interests in Beijing Liheng in favour of Fuqin (Ningbo) (including any equity interests subsequently acquired) to secure performance of the Beijing Liheng PRC Registered Shareholders' and Beijing Liheng's obligations under the Beijing Liheng VIE Contracts. Each of the Beijing Liheng PRC Registered Shareholders undertakes to Fuqin (Ningbo), among other things, not to transfer his interests in Beijing Liheng and not to create any encumbrance thereon without Fuqin (Ningbo)'s prior written consent. In the event that any of the Beijing Liheng PRC Registered Shareholders or Beijing Liheng fails to perform its obligations under the Beijing Liheng VIE Contracts, Fuqin (Ningbo) will have the right to dispose of its right of pledge under the Equity Pledge Agreement.

- *Power of Attorney:* Each of the Beijing Liheng PRC Registered Shareholders irrevocably authorised Fuqin (Ningbo), among other things, to exercise all of his rights and powers as shareholder of Beijing Liheng, including but not limited to the right to (i) convening and holding general meetings of Beijing Liheng, receiving notices of general meetings and signing any meeting minutes or shareholders' resolution; (ii) exercising all shareholders' rights and voting rights in accordance with applicable laws and the articles of association of Beijing Liheng; (iii) nominating, electing, appointing and removing the legal representative, directors, supervisors, general manager, and other senior management personnel of Beijing Liheng; and (iv) signing, submitting and filing documents with the relevant government authorities. The above powers must be exercised by officers or directors of Fuqin (Ningbo) who are not the Beijing Liheng PRC Registered Shareholders.

- *Spousal Confirmations:* Each of the spouses of the Beijing Liheng PRC Registered Shareholders unconditionally and irrevocably confirmed, among others, that (i) all the equity interests held by the relevant Beijing Liheng PRC Registered Shareholder in Beijing Liheng belongs to such Beijing Liheng PRC Registered Shareholder and the spouse shall have no claim; (ii) any pledge, sale or disposal of such equity interests pursuant to the relevant Beijing Liheng VIE Contracts does not require the consent of the spouse; (iii) any amendment of any of the Beijing Liheng VIE Contracts does not require the signing, confirmation and consent of the spouse; and (iv) if she acquires any equity interest in Beijing Liheng for any reason, she shall be bound by the Beijing Liheng VIE Contracts (if and as applicable).

- *The Loan Agreement:* Fuqin (Ningbo) agreed to advance loan(s) to Beijing Liheng from time to time upon request to support the Beijing Liheng Group's business operations. The interest rate of the loan(s) advanced to the Beijing Liheng Group will be determined in accordance with the prevailing market conditions.

Reasons for Entering into the Beijing Liheng Contractual Arrangements

As the financial regulatory policy environment in the PRC becomes increasingly strict and competition in the internet financial business market intensifies, the Group's business will face greater challenges in the future. At the same time, global chip technology iterations have brought about improvements in computing power, and the vigorous development in the fields of artificial intelligence, blockchain, etc. has driven the internet economy into the WEB 3.0 era.

REPORT OF THE DIRECTORS

In order to enhance the Group's risk resistance ability and to achieve the emerging strategic layout of "social + business", the Group needs to diversify and transform its existing businesses. Through the Beijing Liheng Contractual Arrangements, the Group will possess multiple three-dimensional internet social platforms to create a business ecosystem with multi-dimensional interconnection between users and merchants. Also, with the rich technologies, brand reputation and supply chain in the field of internet finance accumulated by the Group and its controlling shareholders, it is anticipated that rapid transformation into a comprehensive social internet platform business can be achieved.

The Board believes that the layout of new business line through the Beijing Liheng Contractual Arrangements will bring about a new growth curve to the Group and create greater returns for the shareholders of the Company (the "**Shareholders**").

The Beijing Liheng Group is carrying out (i) B21 online data processing and transaction processing business (e-commerce only) and B25 information service business, which are value-added telecommunications services, under the ICP license (中華人民共和國電信與信息服務業務經營許可證); and (ii) online performance business through information network under the ICB license (網絡文化經營許可證). As advised by the PRC legal adviser of the Company (the "**PRC Legal Adviser**") , according to the Special Management Measures for the Market Entry of Foreign Investment (Negative List) (2021 Version)《(外商投資准入特別管理措施(負面清單)》(2021年版)) and the Special Management Measures for the Market Entry of Foreign Investment in Hainan Free Trade Port (Negative List) (2020 Version)《(海南自由貿易港外商投資准入特別管理措施(負面清單)(2020年版)), which have been promulgated and amended from time to time jointly by the Ministry of Commerce of PRC and the National Development and Reform Commission, (i) the online performance business carried out under the ICB license (網絡文化經營許可證) is prohibited from foreign investment; and (ii) the B25 internet information services business carried out under the ICP license (中華人民共和國電信與信息服務業務經營許可證) is restricted business and the investment ratio of foreign investors shall not exceed 50%.

The business strategic planning of the Beijing Liheng Group is to integrate resources to build a comprehensive and all-round service platform and create a new model of "social network + business ecosystem" under Web3.0, which is in line with the overall strategic transformation direction of the Group. For this purpose, it is necessary for certain principal operating subsidiaries in the Beijing Liheng Group to possess both the ICP license (中華人民共和國電信與信息服務業務經營許可證) and the ICB license (網絡文化經營許可證) to carry out their businesses, which are inseparable. Therefore, to comply with the applicable PRC laws and regulations, Fuqin (Ningbo), Beijing Liheng and the Beijing Liheng PRC Registered Shareholders entered into the Beijing Liheng VIE Contracts to enable the financial results, the entire economic benefits and the risks of the businesses of the Beijing Liheng Group to flow to Fuqin (Ningbo) and to enable Fuqin (Ningbo) to gain control over the Beijing Liheng Group.

The Company will unwind the Beijing Liheng VIE Contracts as soon as the relevant PRC laws and regulations allow Fuqin (Ningbo) to register itself as the shareholder of Beijing Liheng and the business of the Beijing Liheng Group is no longer a restricted business for foreign investors pursuant to the applicable PRC laws and regulations.

Save for the restrictions on the aforesaid foreign ownership under the PRC laws and regulations, there are no other requirements that the Beijing Liheng Contractual Arrangements are subject to.

Risks Relating to the Beijing Liheng Contractual Arrangements and Actions Taken by the Company to Mitigate Them

There are certain risks that are associated with the Beijing Liheng Contractual Arrangements, including:

1 ***There is no assurance that the Beijing Liheng VIE Contracts could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the Beijing Liheng VIE Contracts do not comply with applicable regulations***

Despite there is currently no indication that the Beijing Liheng VIE Contracts will be interfered or objected to by any PRC regulatory authorities, the PRC Legal Adviser has advised that there is a possibility that the relevant PRC regulatory authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the Beijing Liheng VIE Contracts comply with the current PRC laws, regulations or rules or those that may be adopted in future, and the authorities may deny the validity, effectiveness and enforceability of the Beijing Liheng VIE Contracts.

2 ***The Beijing Liheng VIE Contracts may not be as effective as direct ownership in providing control over Beijing Liheng***

The Group will rely on the Beijing Liheng Contractual Arrangements to operate the business of the Beijing Liheng Group. The Beijing Liheng Contractual Arrangements may not be as effective in providing Fuqin (Ningbo) with control over Beijing Liheng as direct ownership. If Fuqin (Ningbo) has direct ownership of Beijing Liheng, it will be able to exercise its rights as a shareholder to effect changes in the board of directors of Beijing Liheng, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the Beijing Liheng VIE Contracts, the Group will only rely on Fuqin (Ningbo)'s contractual rights and the performance by the Beijing Liheng PRC Registered Shareholders of their obligations under the Beijing Liheng VIE Contracts to exercise control over Beijing Liheng. Therefore, the Beijing Liheng VIE Contracts may not be as effective in ensuring Fuqin (Ningbo)'s control over Beijing Liheng as direct ownership would be. In addition, if the Beijing Liheng PRC Registered Shareholders or Beijing Liheng fail to perform their respective obligations under the Beijing Liheng VIE Contracts or otherwise have disputes with Fuqin (Ningbo), Fuqin (Ningbo) may have to initiate arbitration or other legal proceedings and rely on legal remedies under the PRC laws which may be limited and involve significant uncertainty. There can be no assurance that the outcome will be in Fuqin (Ningbo)'s favour, and it may adversely affect Fuqin (Ningbo)'s ability to control Beijing Liheng.

3 *The Beijing Liheng PRC Registered Shareholders may potentially have a conflict of interests with the Group*

The Group's control over Beijing Liheng is based on the Beijing Liheng Contractual Arrangements under the Beijing Liheng VIE Contracts. Therefore, conflict of interests of the Beijing Liheng PRC Registered Shareholders will adversely affect the interests of the Company. Pursuant to the Powers of Attorney, the Beijing Liheng PRC Registered Shareholders will irrevocably authorise Fuqin (Ningbo) (or its director or successor or receiver) as their representative to exercise the voting rights of the shareholders of Beijing Liheng. Therefore, it is unlikely that there will be potential conflict of interests between the Company and the Beijing Liheng PRC Registered Shareholders. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Company will consider removing and replacing the Beijing Liheng PRC Registered Shareholders.

4 *The Beijing Liheng Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed*

The Group could face material adverse tax consequences if the PRC tax authorities determine that the arrangements under the Beijing Liheng VIE Contracts were not entered into based on arm's length negotiations. If the PRC tax authorities determine that these agreements were not entered into on an arm's length basis, they may adjust income and expenses of Fuqin (Ningbo) for PRC tax purposes in the form of a transfer pricing adjustment. A transfer pricing adjustment could adversely affect the Group's financial position by increasing the relevant tax liability of Fuqin (Ningbo) without reducing the tax liabilities of Beijing Liheng, and this could further result in late payment fees and other penalties to Beijing Liheng for under-paid taxes. As a result, any transfer pricing adjustment could have a material adverse effect on the Group's financial position and results of operations.

5 *Certain terms of the Beijing Liheng VIE Contracts may not be enforceable under the PRC laws*

The Beijing Liheng VIE Contracts provide for dispute resolution by way of arbitration in accordance with the arbitration rules of the China International Economic and Trade Arbitration Commission. The Beijing Liheng VIE Contracts contain provisions to the effect that the arbitrators may award remedies over the shares and/or assets of Beijing Liheng Group, injunctive reliefs (such as injunctive relief for the conduct of business or to compel the transfer of assets) and/or winding up of any of the companies in the Beijing Liheng Group. In addition, the Beijing Liheng VIE Contracts contain provisions to the effect that courts in the PRC, Hong Kong, and Bermuda are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal.

However, the PRC Legal Adviser has advised that the abovementioned provisions contained in the Beijing Liheng VIE Contracts may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order to preserve the assets of or any equity interest in the Beijing Liheng Group nor does the arbitral body has the power to wind-up any companies in the Beijing Liheng Group under the PRC Laws in case of disputes. Therefore, such remedies may not be available, notwithstanding the relevant contractual provisions contained in the Beijing Liheng VIE Contracts. Furthermore, notwithstanding the relevant contractual provisions contained in the Beijing Liheng VIE Contracts, courts in the PRC, Hong Kong and Bermuda are empowered to grant interim remedies only to the extent as permitted under the PRC laws. Therefore, such interim remedies may not be available under the PRC laws.

As a result, in the event that Beijing Liheng or the Beijing Liheng PRC Registered Shareholders breach the terms of the Beijing Liheng VIE Contracts, Fuqin (Ningbo) may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over Beijing Liheng could be materially and adversely affected.

6 A substantial amount of costs and time may be involved in transferring the ownership of Beijing Liheng to the Group under the Exclusive Call Option Agreement

The Exclusive Call Option Agreement grants Fuqin (Ningbo) or its designated person a right to acquire part or all of the equity interest or part or all of the assets of the Beijing Liheng Group at the agreed price. Nevertheless, such rights can only be exercised by Fuqin (Ningbo) as and when permitted by the relevant PRC laws and regulations, in particular, when there are no limitations on foreign ownership in PRC companies that engage in the Beijing Liheng Group's business. In addition, a substantial amount of costs and time may be involved in transferring the ownership or assets of the Beijing Liheng Group to Fuqin (Ningbo) if it chooses to exercise the exclusive right to acquire all or part of the equity interest and assets in the Beijing Liheng Group under the Exclusive Call Option Agreement, which may have a material adverse impact on the Group's business, prospects and results of operation.

7 The Company does not have any insurance which covers the risks relating to the Beijing Liheng VIE Contracts and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the Beijing Liheng VIE Contracts and the transactions contemplated thereunder. After discussing with the PRC Legal Adviser and considering the relevant risks arise from the Beijing Liheng VIE Contracts and the costs of purchasing and maintaining the relevant insurance, the Company has no intention to purchase any new insurance in this regard, and is of the view that such arrangement is in the interest of the Company and its Shareholders as a whole. If any risk arises from the Beijing Liheng VIE Contracts in the future, such as those affecting the enforceability of the Beijing Liheng VIE Contracts and the relevant agreements for the transactions contemplated thereunder and the operation of Beijing Liheng VIE Contracts, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations.

8 The Group may bear economic risk which may arise from difficulties in the operation of the Beijing Liheng Group

None of the Beijing Liheng VIE Contracts provides that the Group is obligated to share the losses of the Beijing Liheng Group. Further, each member of the Beijing Liheng Group is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. Under the PRC laws and regulations, Fuqin (Ningbo), as the primary beneficiary of Beijing Liheng, is not expressly required to share the losses of the Beijing Liheng Group. Despite the foregoing, given that the Group will conducts business in the PRC through the Beijing Liheng Group through the Beijing Liheng Contractual Arrangements, Fuqin (Ningbo) will advance loans to Beijing Liheng to support the operations of the Beijing Liheng Group under the Loan Agreement, and that the Beijing Liheng Group's financial results will be consolidated into the Group's financial results under the applicable accounting principles, the Group's business, financial conditions and results of operations would be adversely affected if the Beijing Liheng Group suffers losses. However, due to the relevant restrictive provisions in the Exclusive Call Option Agreement as more particularly set out above, the potential adverse effect on the Group in the event of any loss suffered by the Beijing Liheng Group is limited.

9 Uncertainties exist with respect to the interpretation and implementation of the newly enacted Foreign Investment Law and its impact on the viability of the Beijing Liheng Contractual Arrangements

On 15 March 2019, the National People's Congress of the PRC approved the foreign investment law (the "**Foreign Investment Law**"), which came into effect on 1 January 2020. On 26 December 2019, the State Council of the PRC (the "**State Council**") adopted the Implementation Regulations for Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例), which came into effect on 1 January 2020 (the "**Implementation Regulations**").

The Foreign Investment Law and the Implementation Regulations embody the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, since it is relatively new, uncertainties still exist in relation to its interpretation and implementation. Despite there being no indication currently that the Beijing Liheng Contractual Arrangements will be interfered with or objected to by any PRC regulatory authorities, there is a possibility that the relevant PRC regulatory authorities may have different opinions regarding the interpretation of the relevant regulations and would not agree that the Beijing Liheng VIE Contracts comply with the current PRC Laws or those that may be adopted in future, and the PRC regulatory authorities may deny the validity, effectiveness and enforceability of the Beijing Liheng VIE Contracts.

Such contractual arrangement has been adopted by a number of fully or partially foreign-owned companies which, through their respective subsidiaries in the PRC, assume control over an operating company incorporated in the PRC holding the necessary licenses and permits in the industries that are currently subject to foreign investment restrictions or prohibitions in the PRC. It will be uncertain whether the Beijing Liheng Contractual Arrangements will be deemed to be in violation of the market access requirements for foreign investment under PRC Laws, including but not limited to the Foreign Investment Law and the Implementation Regulations.

Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council require further actions to be taken by companies with respect to existing contractual arrangements, there will be substantial uncertainties as to whether such actions can be completed by the Group and Beijing Liheng in a timely manner. Failure to take timely and appropriate measures to cope with any of these aforementioned or similar regulatory compliance requirements could materially and adversely affect the current corporate structure and business operations of the Group and Beijing Liheng, as well as the ability of the Group and Beijing Liheng to be or continue to be engaged in businesses subject to the foreign investment restrictions or prohibitions.

The Group has adopted measures to ensure the effective operation of the Group's businesses and the implementation and compliance with the Beijing Liheng Contractual Arrangements, including:

(i) major issues arising from the implementation and compliance with the Beijing Liheng Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

(ii) the Board will review the overall performance of and compliance with the Beijing Liheng Contractual Arrangements at least once a year; and

(iii) the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Beijing Liheng Contractual Arrangements, the legal compliance of Fuqin (Ningbo) and the Beijing Liheng Group and to deal with specific issues or matters arising from the Beijing Liheng Contractual Arrangements.

Since Beijing Liheng is accounted as a subsidiary of the Company upon entering into the Beijing Liheng VIE Contracts, and each of the Beijing Liheng PRC Registered Shareholders is a connected person of the Company, the transactions contemplated under the Beijing Liheng Contractual Arrangements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In addition, as Beijing Liheng is owned as to 90% by Mr. Zhou, an executive Director, Beijing Liheng is an associate of a connected person of the Company and the provision of financial assistance by Fuqin (Ningbo) to Beijing Liheng under the Loan Agreement will constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of (i) fixing the term of the Beijing Liheng VIE Contracts pursuant to Rule 14A.52 of the Listing Rules; and (ii) setting a maximum aggregate annual cap pursuant to Rule 14A.53 of the Listing Rules for the services fees payable by Beijing Liheng to Fuqin (Ningbo) under the Exclusive Business Cooperation Agreement and the principal amount of loans to be advanced to Beijing Liheng or the interest payable by Beijing Liheng under the Loan Agreement.

Annual review of the continuing connected transactions

The independent non-executive Directors have reviewed the aforementioned continuing connected transactions and confirmed that the transactions were entered into:

(i) in the ordinary course of business of the Group;

(ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third party; and

(iii) in accordance with the terms of the relevant agreements that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Continuing Connected Transactions — New Factoring Service Framework Agreement

Since the Factoring Service Framework Agreement expired on 31 December 2024, the Company and Mega Bright Capital Resources Limited ("**Mega Bright**") entered into a new factoring service framework agreement (the "**New Factoring Service Framework Agreement**") on 27 November 2024 for the provision of the commercial factoring loans granted or to be granted by the Group to (i) associates of Mr. Wong Kwong Yu ("**Mr. Wong**") and/or Ms. Du ("**Ms. Du**") and (ii) deemed connected persons of the Company who are connected with Mr. Wong and/or Ms. Du (collectively the "**Connected Factoring Loan Borrowers**") which are conditional upon transfer of the relevant trade receivables of such Connected Factoring Loan Borrowers, for a term of three years ending 31 December 2027.

For details of the New Factoring Service Framework Agreement, please refer to the announcement of the Company dated 27 November 2024 and the circular of the Company dated 3 January 2025.

The Acquisition of Beijing Yiheng

On 18 March 2025, 北京恒美卓盛科技有限公司 (Beijing Hengmei Zhuosheng Technology Co., Ltd.*) ("**Beijing Hengmei**"), a company incorporated in the PRC with limited liability, which is a non-wholly owned subsidiary of the Company, 北京熠珩企業管理有限公司 (Beijing Yiheng Enterprise Management Co., Ltd.*) ("**Beijing Yiheng**", and together with its subsidiary, the "**Beijing Yiheng Group**"), a company incorporated in the PRC with limited liability, which is owned as to 90% by Mr. Zhou and 10% by Mr. Song (who are both the executive Directors) (the "**Beijing Yiheng PRC Registered Shareholders**") and the Beijing Yiheng PRC Registered Shareholders entered into certain agreements (the "**Beijing Yiheng VIE Contracts**"), pursuant to which Beijing Hengmei will have effective control over the finance and operation of Beijing Yiheng and will enjoy the entire economic interests and benefits generated by Beijing Yiheng (the "**Beijing Yiheng Contractual Arrangements**").

Upon entering into the Beijing Yiheng Contractual Arrangements, the financial results of the Beijing Yiheng Group has been consolidated into the results of the Group as if Beijing Yiheng is a subsidiary of the Company.

The authorised scope of business of Beijing Yiheng is the provision of corporate management consulting, corporate image planning, and socio-economic consulting services. Beijing Yiheng's only subsidiary, 北京爆款連連文化科技有限公司 is principally engaged in the production, promotion and publication of films and television programmes as well as online content development in the PRC. As at the date of the report, Beijing Yiheng's subsidiary holds the《廣播電視節目製作經營許可證》and《增值電信業務經營許可證》(互聯網資訊服務業務).

The Acquisition of Beijing Jiayu

On 18 March 2025, 北京崇達智行科技有限公司 (Beijing Chongda Zhixing Technology Co., Ltd.*) ("**Beijing Zhongda Zhixing**"), a company incorporated in the PRC with limited liability, which is a non-wholly owned subsidiary of the Company, 北京嘉域企業管理有限公司 (Beijing Jiayu Enterprise Management Co., Ltd.*) ("**Beijing Jiayu**", and together with its subsidiaries, the "**Beijing Jiayu Group**"), a company incorporated in the PRC with limited liability, which is owned as to 50% by the Company and 50% by Mr. Song (the "**Beijing Jiayu PRC Registered Shareholder**") and the Beijing Jiayu PRC Registered Shareholder entered into certain agreements (the "**Beijing Jiayu VIE Contracts**"), pursuant to which Beijing Zhongda Zhixing will have effective control over the finance and operation of Beijing Jiayu and will enjoy the entire economic interests and benefits generated by Beijing Jiayu (the "**Beijing Jiayu Contractual Arrangements**").

Upon entering into the Beijing Jiayu Contractual Arrangements, the financial results of the Beijing Jiayu Group has been consolidated into the results of the Group as if Beijing Jiayu is a subsidiary of the Company.

The authorised scope of business of Beijing Jiayu is the provision of corporate management, brand management, socio-economic consulting and strategic planning services. Beijing Jiayu has two wholly owned subsidiaries, namely (i) 共域通兑(海南)科技有限公司, which is principally engaged in cross-merchant asset interoperability such as cross-merchant membership points redemption and sharing membership operational services, which involves the provision of Internet information services, data processing services and transaction processing services under the《增值電信業務經營許可證》, including B21 online data processing and transaction processing business (e-commerce) and B25 information service business (Internet information service); and (ii) 共域通對(北京)科技有限公司 with an authorised scope of business of the provision of technical, development, consulting, corporate management, and socio-economic consulting services.

For details of the Beijing Yiheng Contractual Arrangements and the Beijing Jiayu Contractual Arrangements, please refer to the announcement of the Company dated 18 March 2025.

Save as disclosed above, subsequent to 31 December 2024 and up to the date of this annual report, no material event affecting the Group had occurred.

DIRECTORS

The Directors for the Reporting Period and up to the date of approval of this annual report were:

Executive Directors:

Mr. Zhou Yafei *(Chairman)*
Mr. Song Chenxi

Non-executive Directors:

Ms. Wei Ting
Ms. Wu Qian (appointed on 25 July 2024)

Independent Non-executive Directors:

Mr. Mak Yau Kee Adrian (appointed on 5 February 2024)
Professor Japhet Sebastian Law (appointed on 10 April 2024)
Professor Huang Song (appointed on 19 April 2024)

Pursuant to Bye-law 83(2) of the Bye-laws of the Company, Ms. Wu Qian shall hold office until the forthcoming annual general meeting. Ms. Wu Qian, being eligible, will offer herself for re-election at the forthcoming annual general meeting.

Pursuant to Bye-law 84(1) of the Bye-laws of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Accordingly, Mr. Zhou Yafei and Mr. Song Chenxi shall retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management of the Company are set out on pages 26 to 28 of this annual report. The Board considers the executive Directors of the Company to be the senior management of the Company.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation other than normal statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed under the section headed "Connected Transactions and Disclosure Pursuant to Rule 13.20 of the Listing Rules", "Continuing Connected Transactions" and "Directors' Remuneration" disclosed in note 9 to the consolidated financial statements, no transactions, arrangements and contract of significance, to which the Company, its fellow subsidiaries, its subsidiaries or its holding company was a party, and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and the administration of the whole or any substantial part of the business of the Company and the Group were entered into or existed during the Reporting Period.

COMPETING INTERESTS

In so far as the Directors are aware, as at 31 December 2024, none of the Directors or their respective associates had any interest in a business that competed or was likely to compete with the business of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, none of the Directors and the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, so far as was known to the Directors, the following persons or entities (not being a Director or a chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in Shares and Underlying Shares in the Company

*Ordinary shares of HK$0.01 each of the Company (the "**Shares**")*

Name of Shareholder	Nature of interests	Number of shares held in the Company	% of the issued share capital of the Company *(Note 5)*	Notes
Swiree Capital Limited ("**Swiree**")	Beneficial owner	1,653,073,872	31.78	1
Ms. Du Juan ("**Ms. Du**")	Corporate interest	1,653,073,872	31.78	1
	Spouse interest	2,185,286,341	42.02	1
Mega Bright Capital Resources Limited ("**Mega Bright**")	Beneficial owner	2,185,286,341	42.02	2
Mr. Wong Kwong Yu ("**Mr. Wong**")	Interest in a controlled corporation	2,185,286,341	42.02	2
	Spouse interest	1,653,073,872	31.78	2
Richlane Ventures Limited ("**Richlane**")	Beneficial owner	295,512,312	5.68	3

Name of Shareholder	Nature of interests	Number of shares held in the Company	% of the issued share capital of the Company *(Note 5)*	Notes
Mr. Ko Chun Shun, Johnson ("**Mr. Ko**")	Beneficial owner	5,000,000	0.1	3
	Corporate interest	295,512,312	5.68	3
	Corporate interest	38,978,000	0.75	3
Hongkong Mingrun Business Co. Limited Limiting ("**Mingrun Business**")	Beneficial owner	314,713,659	6.05	4
Mr. Luo Minjing ("**Mr. Luo**")	Corporate interest	314,713,659	6.05	4

Notes:

1. As Ms. Du wholly and beneficially owned Swiree, she was deemed to be interested in 1,653,073,872 Shares held by Swiree by virtue of the SFO. Being the spouse of Mr. Wong, Ms. Du was also deemed to be interested in the 2,185,286,341 Shares in which Mega Bright was interested by virtue of the SFO.

2. Mr. Wong, being the spouse of Ms. Du, was deemed to be interested in 1,653,073,872 Shares by virtue of the SFO. As Mr. Wong wholly and beneficially owned Mega Bright, he was deemed to be interested in the 2,185,286,341 Shares in which Mega Bright was interested by virtue of the SFO.

3. Mr. Ko held 5,000,000 Shares directly. He also held 334,490,312 Shares indirectly, among which he held 295,512,312 Shares through Richlane and 38,978,000 Shares through Sonic Gain Limited, both of which were wholly-owned by him.

4. Since Mr. Luo wholly and beneficially owned Mingrun Business, he was deemed to be interested in the 314,713,659 Shares held by Mingrun Business by virtue of the SFO.

5. As at 31 December 2024, the total number of issued Shares was 5,201,123,120 Shares.

Save as disclosed above, as at 31 December 2024, the Company had not been notified by any person (other than Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the latest practicable date prior to the issue of this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to Bye-law number 164 of the Company's Bye-laws, every Director, other officer and auditor of the Company shall be entitled to be indemnified and secured harmless out of assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or sustained by him as a Director, auditor or other officer of the Company about the execution of the duties of his office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

REMUNERATION POLICY OF THE DIRECTORS

The emoluments of the Directors are recommended by the Remuneration Committee of the Company, having regard to the Company's operating results, individual performance and/or comparable market statistics. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation.

Details of the remuneration of the Directors are set out in note 9 to the consolidated financial statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices.

Details of the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" on pages 56 to 71 of this annual report.

CHANGE OF DIRECTOR'S INFORMATION

Upon specific enquiry by the Company and following confirmations from the Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

AUDITOR

The consolidated financial statements of the Company for the Reporting Period were audited by Baker Tilly Hong Kong Limited ("**Baker Tilly**") whose terms of office will expire upon the forthcoming annual general meeting of the Company. A resolution for the re-appointment or appointment of the auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

Moore Stephens CPA Limited ("**Moore**") was appointed as the auditor of the Company by the Board on 3 November 2020. On 26 August 2022, Moore resigned as auditor of the Company and Baker Tilly was then appointed as the auditor of the Company by the Board on 26 August 2022. Save as disclosed above, there was no change in the auditor of the Company in the preceding three financial years.

On behalf of the Board

Zhou Yafei
Chairman

Beijing, 28 March 2025

RISK FACTORS

The Group is principally engaged in financial technology services, digital internet platform and digital content ecosystem business, and each segment is subject to various risks related to its business model and the macroeconomic environment.

The factors set out below are those that the Group believes could affect the Group's businesses, financial condition, results of operations or industry growth prospects. These factors are by no means exhaustive or comprehensive, and there may be other factors in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future. In addition, this annual report does not constitute a recommendation or advice for you to invest in the shares of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the shares of the Company.

1. INDUSTRY AND MARKET RISKS

1.1 Macroeconomic Volatility Risk

The Group operates in the fields of fintech, digital internet platforms, and digital content, which are influenced by global economic cycles, interest rate policies, geopolitical factors, and fluctuations in consumer demand. If key markets (such as mainland China and Southeast Asia) experience a slowdown in economic growth, it may lead to a decline in the quality of supply chain financial assets, a reduction in advertising budgets, and a decreased willingness of game users to pay, adversely affecting some of the Group's revenue sources. Additionally, global uncertainties may lead to changes in trade, investment policies, and market conditions, which in turn may negatively impact the Group's operations and collaborations, and potentially weaken the business development potential and competitive strength of the Group.

The Group maintains a high level of attention to policy trends and economic changes, and actively responds to the risks posed by the macroeconomic environment. It comprehensively conducts risk management, scientifically and moderately adjusts development strategies and business tactics, focuses on user experience, and continuously promotes business and product innovation, so as to achieve sustainable development and create value for customers and partners while fulfilling social responsibilities.

1.2 Geopolitical and Compliance Risks

Regulatory bodies around the world are increasingly strict regarding the technology industry. The Group's business segments involve a global layout (for example, the gaming business primarily focuses on overseas markets), requiring compliance with relevant laws and regulations in various countries and regions. The uncertainty of international relations, policy differences in overseas markets (such as cross-border data and minor protection), cultural adaptability (such as religious history, content review and payment habits), and exchange rate fluctuations may have an impact on the Group's business and trigger user boycotts or government censorship risks, thus leading to product removals or revenue fluctuations.

The Group continuously invests in risk control by establishing specialized teams or hiring localized compliance and professional advisory teams to closely monitor regulatory and policy changes in various countries, maintain active communication with regulatory bodies, and take timely action. The Group is continuously improving and strengthening its internal management mechanisms and external risk management capabilities, and strictly adhering to the laws and regulations of global markets and countries to ensure compliance during its international operations.

1.3 Industry Competition and Innovation Risks

The internet and technology sectors in which the Group operates are characterized by intense market competition and rapid product iterations. The rapid development of cutting-edge technologies related to artificial intelligence is also driving the influx of new market competitors and the continuous evolution of business models. In terms of business segmentation, the fintech sector faces dual competition from traditional financial institutions and technology companies; social platforms must address the decline of traffic dividends and the pressure from emerging platforms; and the gaming industry suffers from severe content homogenization, with the rise of local competitors in overseas markets intensifying competition. Seeking sustainable development of existing business models within the current competitive landscape will pose a significant challenge for the Group.

The Group continuously conducts industrial analysis and research, closely monitors trends in industrial competition landscape and users' demand. By exploring emerging technologies and continuously improving and enhancing responsiveness of its various businesses, the Group enhances its market competitiveness and promotes high-quality and sustainable development of businesses. In addition, the Group is committed to identifying new development opportunities under the integrated Internet digital ecosystem cluster. By integrating relevant resources and innovative technologies, the Group fosters synergies in the business ecosystem, unlocking new avenues and possibilities for value creation. Meanwhile, the Group continuously consolidates its competitive advantages of core businesses and digital ecosystem, continuously striving to deliver value for users, partners and society.

2. BUSINESS OPERATION RISKS

2.1 Credit risk and risks of money laundering

Supply chain finance business depends on the repayment capability of enterprises and is subject to creditworthiness of core enterprises and upstream and downstream partners. Assets quality and liquidity may be affected by the increase in overdue rate of receivables and the cost of liquidity management due to a downturn in the industry or when key customers face capital chain pressures.

The Group is selective about its customers and will only deal with creditworthy parties. In order to minimize the credit risk and risks of money laundering, the Group has formulated policies on credit and anti-money laundering, and delegated a team to determine credit limits, approve credit, monitor progress in recovering overdue debts and implement anti-money laundering measures. For further details please refer to note 18 and note 34 to the consolidated financial statements.

2.2 Data and information security risk

The global market has continued to strengthen the regulation of cyber security and personal information protection, laws and regulations such as the Data Security Law and the Personal Information Protection Law have strengthened the protection of data and personal information security, and further refined and improved the basic principles and compliance requirements to be followed in the data security management and personal information protection. The Group's existing business involves a large number of users' data, and in the event of data leakage or violation of relevant laws and regulations in various counties and jurisdictions, the Group will be subject to regulatory penalties and loss of goodwill.

The Group firmly believes that the security of user data and information is the cornerstone for creating a secure and quality business environment. By attaching great importance to the security of personal and corporate customers' data, the Group continues to pay attention to and strictly complies with relevant laws and policies of various jurisdictions and continues to allocate resources to enhance information security management. The Group continuously monitors data security and identifies potential risks in a timely manner and implements preventive measures as well as establishing and continuously improving relevant systems and measures for data and information management, in order to ensure security of data and information. The Group will actively improve its security governance capabilities in accordance with relevant requirements of regulatory authorities in respect of financial technologies and Internet information services, and promptly address various types of information security threats, establish effective data and information security management mechanisms and ensure their effective implementation, in order to enhance data compliance and privacy protection governance.

2.3 The financial business faces the risk of regulatory policy changes

The Group's financial technology services in its business segments must comply with regulatory requirements, and policy adjustments may lead to a restructuring of compliance in respect of the business model. For example, factoring loans and financial leasing businesses operated within Mainland China (one of the Group's key businesses) do not require specific banking or insurance licenses, but the companies engaging in such businesses are required to hold the relevant business licenses.

The relevant members of the Group have fulfilled certain requirements included paid-up capital requirement, management personnel with relevant experience and complete and well-established internal control system in order to obtain the business licenses with the relevant business scope. There is no assurance that future changes in the PRC's law or policies will not require banking and insurance license for the existing business of the Group.

2.4 Content compliance and copyright dispute risks

With the tightening of regulations on the digital industry, if user-generated content (UGC) or IP incubation triggers content review and copyright ownership issues, the Group's digital internet platforms and digital content ecosystem may face risks related to content compliance and copyright disputes. Content on gaming and social platforms may be punished or taken down for violating domestic or international content review standards, potentially leading to legal proceedings, impacting revenue sustainability, and damaging brand reputation.

The Group actively complies with applicable laws and regulations, keeps abreast of the latest regulatory audit standards, and has established a tiered audit mechanism to prevent content-related risks through technological countermeasures. At the same time, we collaborate with relevant departments within the Group to form specialized teams that monitor business content dynamics, identify potential risks in a timely manner, and strengthen content and copyright review processes, thereby preventing infringement lawsuits and regulatory penalties.

2.5 Management of key customers

During the Reporting Period, the proportion of aggregate amount of revenue attributable to the Group's five largest customers accounted for approximately 19.8% (2023: 60.5%) of the Group's revenue for the year, representing a decrease in the concentration as compared with the Corresponding Period. The customer development strategy of the Group will be paid more attention to customer quality, and customer risks will be assessed through comprehensive factors such as customer scale and strength.

The Group always pays attention to customer concentration risk. In addition to strictly evaluating the financial and business conditions of existing customers according to the system, the Group has been looking for other feasible business opportunities.

2.6 Fraud risk

Fraud cases, both internal and external, are prevalent in the internet and technology industries. As the Group's business operations become increasingly complex, it inevitably faces a higher risk of fraud. Fraudulent activities by partners, employees, or third parties may negatively impact the Group's reputation, financial conditions, and operations.

The Group always adheres to the value of integrity and has established effective internal control mechanisms, which are continuously optimized. We take "zero tolerance" attitude towards fraudulent activities and are committed to combating such conduct resolutely. At the same time, the Group implements a series of risk management measures to ensure the healthy and sustainable development of our business. We actively cooperate with law enforcement to combat internet black-market activities and other forms of online fraud, safeguarding user security and fostering a healthy, orderly, and civilized internet ecosystem.

2.7 Risks associated with the prepayment for acquisition

Xinda Factoring, a subsidiary of the Company, entered into a loan agreement with the OPCO in 2017 to provide a non-interest-bearing loan to the OPCO for the acquisition of the entire equity interest of TJGCMT. The Group paid RMB576 million in advance in 2019. According to the Transfer Agreement, the Acquisition will only be considered as complete upon the change of actual controller of TJGCMT, but the Acquisition is still in the incomplete stage as the review process conducted by the PBOC has not been completed up to 31 December 2024 and the date of issuance of this annual report.

CORPORATE GOVERNANCE REPORT

The board (the "**Board**") of directors (the "**Directors**") of Tong Tong AI Social Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining high standard of corporate governance practices. The primary corporate governance rules applicable to the Company is the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company has applied the principles of the CG Code to its corporate governance structure and practices as described in this annual report. Unless otherwise stated, the code provisions of the CG Code in this corporate governance report referred to those contained in Appendix C1 to the Listing Rules in force during the Reporting Period and as at 31 December 2024. Throughout the Reporting Period, the Company had complied with all code provisions set out in Part 2 of the CG Code, except for deviation disclosed below.

Code provision C.2.1 and Code provision C.2.7

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual and according to code provision C.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive Directors without the other Directors present.

Mr. Zhou Yafei, ("**Mr. Zhou**") has been appointed as an executive Director and the chairman of the Board with effect from 26 March 2021 and 18 March 2025, respectively. The Company did not have a chief executive office (the "**CEO**") during the Reporting Period and up to the date of this annual report. The roles of the CEO have been carried out by the executive Directors during the Reporting Period. The Board considered that while vesting the roles of the CEO in the executive Directors can facilitate the execution of the Company's business strategies and maximize effectiveness of its operation, the Board would nevertheless review the structure of the Board from time to time and would be considering suitable candidate to be appointed as the CEO in order to comply with code provision C.2.1 of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as 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 enquiry of all Directors, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the Reporting Period.

BOARD OF DIRECTORS

The composition of the Board during the Reporting Period and up to the date of approval of this annual report is set out as follows:

Executive Directors

Mr. Zhou Yafei *(Chairman)*
Mr. Song Chenxi

Non-Executive Directors

Ms. Wei Ting
Ms. Wu Qian (appointed on 25 July 2024)

Independent Non-Executive Directors

Mr. Mak Yau Kee Adrian (appointed on 5 February 2024)
Professor Japhet Sebastian Law (appointed on 10 April 2024)
Professor Huang Song (appointed on 19 April 2024)

The Board possesses a balanced mix of skills and expertise which supports the continuing development of the Company. The executive Directors have accumulated sufficient and valuable experience to hold their positions in order to ensure that their fiduciary duties have been carried out in an efficient and effective manner. The Board is responsible for setting the Group's strategic direction and overseeing the business performance of the Group while business operations are delegated to qualified management under the supervision of the executive Directors. The Board also monitors the financial performance and the internal controls of the Group's business operations. The senior management is responsible for the day-to-day operations of the Group.

Biographical details of the Directors as at the date of approval of this annual report are set out in the section of "Biographical Details of Directors and Senior Management" on pages 26 to 28 of this annual report. None of the members of the Board is related to one another.

As at 31 December 2024 and up to the date of approval of this annual report, the Company has three independent non-executive Directors representing more than one-third of the Board. At least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise pursuant to Rule 3.10 and Rule 3.21 of the Listing Rules. The Board has received from each independent non-executive Director an annual confirmation of his independence and considers that all the independent non-executive Directors are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

The non-executive Directors and the independent non-executive Directors have signed letters of appointment for a term of three years with the Company.

Mr. Mak Yau Kee Adrian, Professor Japhet Sebastian Law, Professor Huang Song and Ms. Wu Qian, are Directors appointed during the Reporting Period.

Mr. Mak Yau Kee Adrian confirmed that he had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 16 January 2024.

Professor Japhet Sebastian Law confirmed that he had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 8 April 2024.

Professor Huang Song confirmed that he had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 18 April 2024.

Ms. Wu Qian confirmed that she had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 24 July 2024.

The above Directors confirmed that they understood their obligations as a director of a listed issuer.

Chairman and CEO

The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

Mr. Zhou Yafei was appointed as the chairman of the Board on 18 March 2025. The Company did not have a chief executive office (the "**CEO**"). The roles of the CEO have been carried out by the executive Directors during the Reporting Period. The roles and responsibilities of the Chairman and the CEO are set out as follows:

The Chairman is mainly responsible for:

- ensuring that good corporate governance practices and procedures are established;
- ensuring that all Directors are properly briefed on issues arising at the Board meetings and that all Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;
- encouraging all Directors to make a full and active contribution to the Board's affair and to voice their concerns even with different views, allowing sufficient time for discussion of issues, ensuring that Board decisions fairly reflect the Board consensus, and taking the lead to ensure that it acts in the best interests of the Group;
- ensuring that appropriate steps are taken to provide effective communication with shareholders and their views are communicated to the Board as a whole; and
- promoting a culture of openness and debate by facilitating the effective contribution of independent non-executive Directors in particular and ensuring constructive relations between executive and independent non-executive Directors.

The CEO is responsible for, among other things:

- organizing and manage the Group's business;
- leading the corporate team to implement the strategies and plans established by the Board; and
- coordinating overall daily business operations of the Group.

Board Diversity

The Board has adopted a policy on board diversity (the "**Board Diversity Policy**") on 26 March 2013. The Company considers that Board appointment should be based on merits that complement and expand the skills, experience and expertise of the Board as a whole, taking into account gender, age, professional experience and qualifications, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time towards achieving a diverse Board. At 31 December 2024, the Board had two female Directors out of seven Directors.

As at 31 December 2024, the Group had 381 full time employees in total with 118 female employees and 263 male employees, representing 31.0 % and 69.0% of the workforce (including senior management), respectively. The Group targets to further improve the current level of female representation to 50% of the workforce over time.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Nomination Committee of the Company would make recommendations to the Board with respect to the appointment or re-appointment of the Directors and other related matters for determination by the Board. New Director(s) is expected to have expertise in relevant area to make contribution to the Company, complement the diversity profile of the Board and to have sufficient time to participate in the decision making process of the Company. Every non-executive Director and independent non-executive Director has entered into an appointment letter with the Company for a term of three years and is subject to retirement by rotation once every three years in accordance with the Company's Bye-laws.

Bye-law number 83(2) of the Bye-laws provides that: (1) any director appointed by the Board to fill a casual vacancy shall hold office only until the next general meeting of the Company after his/her appointment, or (2) any director appointed by the Board as an addition to the existing Board shall hold office only until the next annual general meeting of the Company. Any Directors appointed shall then be eligible for re-election. Pursuant to Bye-law number 84(1) of the Bye-laws, one-third of the Directors for the time being shall retire by rotation at each annual general meeting of the Company at least once every three years. All retiring Director shall be eligible for re-election. Accordingly, all Directors shall be subject to retirement by rotation and re-election at the annual general meeting of the Company under the Bye-laws.

ROLES AND FUNCTIONS OF THE BOARD AND THE MANAGEMENT

The Board assumes responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs. The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group.

CORPORATE GOVERNANCE REPORT

CORPORATE CULTURE

The Board sets the foundation of the Group's corporate culture, which underpins the core values of and across over all levels of the Group. The Group plays a leading role in defining the purposes, values and strategic direction of the Group and in fostering a culture focuses on foresight and efficiency.

The corporate culture of the Group is developed and reflected consistently in our daily operating practices, workplace policies and practices to ensure high standards of commitment and best practices across the Group.

During the Reporting Period, the Group had reviewed and considered that the corporate culture of the Group is aligned with the purpose, values and strategy of the Group.

BOARD MEETINGS

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, and to review and approve the Group's annual and interim results, as well as corporate governance, financial, capital, remuneration and mergers and acquisition matters. During the Reporting Period, there were twelve meetings held by the Board and the Company's annual general meeting ("**AGM**") was held on 27 June 2024. The attendance of each Director (who held office during the Reporting Period) at the Board meetings and the AGM during the Reporting Period is set out as follows:

Name of Directors	Attendance of the AGM	Number of Board meetings attended/held
Executive Directors		
Mr. Zhou Yafei	✓	10/12
Mr. Song Chenxi	✓	12/12
Non-Executive Directors		
Ms. Wei Ting	✓	12/12
Ms. Wu Qian (appointed on 25 July 2024)	N/A	6/6
Independent Non-Executive Directors		
Mr. Mak Yau Kee Adrian (appointed on 25 July 2024)	✓	11/11
Professor Japhet Sebastian Law (appointed on 10 April 2024)	✓	8/9
Professor Huang Song (appointed on 19 April 2024)	✓	8/8
Mr. Lee Puay Khng (resigned on 24 July 2024)	✓	6/6
Ms. Wang Wanjun (resigned on 18 April 2024)	N/A	2/3
Mr. Li Liangwen (resigned on 11 March 2024)	N/A	1/1

During the Reporting Period, the Board had dealt with matters covering mainly the Group's overall strategy, annual and interim results, internal control, corporate governance, capital, financial, and acquisition matters.

The Board meetings are scheduled to be held at approximately quarterly intervals and as required by business needs. At least 14 days' notice of regular Board meetings (or reasonable notice for all other meetings) is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least 3 days before the intended date of a Board meeting. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

ACCESS TO INFORMATION

All Directors are kept informed on a timely basis of major changes that may have affected the Group's business, including relevant rules and regulations and are able to make further enquiries when necessary. Sufficient explanation and information have been provided to the Board to enable the Board to make an informed assessment of financial and other information put before it for approval. They also have unrestricted access to the advices and services of the Company Secretary. The Board has also agreed that the Directors may seek independent professional advice in performing their Directors' duties at the Company's expenses.

MECHANISMS TO ENSURE INDEPENDENT VIEWS AND INPUT

The Board endeavours to ensure the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time).

Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, independent non-executive Directors will be appointed to other Board committees as far as practicable to ensure independent views are available.

The Board will review the implementation and effectiveness of the above mechanism on an annual basis to ensure timely adjustments will be made as and when necessary.

DIRECTORS INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company provides regular updates on the business performance of the Group to the Directors. The Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development to Directors will be arranged whenever necessary. For newly appointed Directors, an induction will be provided so as to ensure that they have appropriate understanding of the Group's business and of their duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements.

According to the records maintained by the Company, the Directors who held office during the Reporting Period received the following training on continuous professional development during the Reporting Period and up to the date of this annual report.

Name of Directors	Courses/Seminars provided/accredited by professional body	Reading materials
Executive Directors		
Mr. Zhou Yafei *(Chairman)*	✓	✓
Mr. Song Chenxi	✓	✓
Non-Executive Directors		
Ms. Wei Ting	✓	✓
Ms. Wu Qian (appointed on 25 July 2024)	✓	✓
Independent Non-Executive Directors		
Mr. Mak Yau Kee Adrian (appointed on 25 July 2024)	✓	✓
Professor Japhet Sebastian Law (appointed on 10 April 2024)	✓	✓
Professor Huang Song (appointed on 19 April 2024)	✓	✓
Mr. Lee Puay Khng (resigned on 24 July 2024)	–	✓
Ms. Wang Wanjun (resigned on 18 April 2024)	–	✓
Mr. Li Liangwen (resigned on 11 March 2024)	–	✓

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out below:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to directors and employees; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board has performed the corporate governance duties as set out above during the Reporting Period.

The Board has established mechanism(s) to ensure independent views and input are available to the Board, which are disclosed above. The Board reviews the implementation and effectiveness of such mechanisms on an annual basis.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

To indemnify Directors and officers of the Company against all costs, charges, losses, expenses and liabilities incurred by them in the executive of and discharge of their duties or in relation thereto, the Company has arranged insurance cover for this purpose.

BOARD COMMITTEES

The Board has established four committees with specific responsibilities as described below. The terms of reference of the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**") and the audit committee (the "**Audit Committee**") of the Company are available on the websites of the Company and the Stock Exchange.

REMUNERATION COMMITTEE

As at 31 December 2024 and the date of approval of this annual report, the Remuneration Committee comprised three members including two independent non-executive Directors, namely Professor Japhet Sebastian Law (Chairman) and Professor Huang Song, and one non-executive Director, namely Ms. Wei Ting.

It is responsible for reviewing and making recommendations on all elements of the executive Director's and senior management's remuneration. The fees of non-executive Directors are determined by the Board. No individual Director is involved in decisions relating to his/her own remuneration. The Remuneration Committee has adopted the model under code provision E.1.2(c)(ii) of the CG Code to make recommendations to the Board on the remuneration packages of individual Directors and senior management. Meetings of the Remuneration Committee shall be held at least once a year.

For the Reporting Period, there were five meetings held by the Remuneration Committee to review the remuneration packages of the Directors for the Corresponding Period and make recommendation on the remuneration packages of the Directors and the senior management for the Reporting Period.

Details of the remuneration paid to Directors and the remuneration to the five highest paid employees by band for the Reporting Period are disclosed in notes 9 and 10 to the consolidated financial statements.

Details of the remuneration paid to members of senior management by band for the Reporting Period are set out as below:

	2024	2023
Nil to HKD1,000,000	**1**	1

Attendance of the Remuneration Committee during the Reporting Period is set out below:

Members	**No. of meeting(s) attended/held**
Professor Japhet Sebastian Law *(Chairman)* (appointed on 25 July 2024)	0/0
Ms. Wei Ting	5/5
Professor Huang Song (appointed on 19 April 2024)	1/1
Mr. Lee Puay Khng *(Chairman)* (resigned on 24 July 2024)	4/4
Ms. Wang Wanjun (resigned on 18 April 2024)	3/3

NOMINATION COMMITTEE

As at 31 December 2024 and the date of approval of this annual report, the Nomination Committee comprised three members including two independent non-executive Directors, namely Mr. Mak Yau Kee Adrian (Chairman) and Professor Huang Song and one executive Director, namely Mr. Zhou Yafei.

Meetings of the Nomination Committee shall be held at least once a year.

It is responsible for, amongst others, reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the required blend of skills, knowledge and experience, reviewing the Board Diversity Policy and its measurable objectives, as well as reviewing the nomination policy for the Nomination, appointment and re-appointment of Directors.

For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. A circular setting out information as required pursuant to the applicable laws, rules and regulations of the proposed candidates will be sent to the shareholders. When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

(a) reputation for integrity;

(b) accomplishment, experience and reputation in the financial services, banking and other related industries;

(c) commitment in respect of sufficient time and attention to the Company's business;

(d) diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge;

(e) the ability to assist and support management and make significant contributions to the Company's success;

(f) compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive Director; and

(g) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Company's articles of association and other applicable rules and regulations. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

As mentioned under "Board of Directors — Board Diversity" above, the Board has adopted the Board Diversity Policy. The Company seeks to achieve Board diversity through the consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualification, skills, knowledge and length of service. All appointments of directors will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

During the Reporting Period, there were five meetings held by the Nomination Committee to (i) review the structure, size and composition of the Board; (ii) nominate the Directors to be newly appointed and the Directors for re-election at the AGM; (iii) assess the independence of the independent non-executive Directors with reference to the requirements under the Listing Rules; and (iv) discuss and agree on the measurable objectives to increase the ratio of female members over time when selecting and making recommendations on eligible candidates for Board appointments for achieving diversity of the Board.

Based on the Nomination Committee's review for the Reporting Period, the Nomination Committee considers that the measurable objectives for achieving diversity of the Board with reference to the Board Diversity Policy have been satisfactorily implemented and that there is sufficient diversity in the Board for the Company's corporate governance and business development needs. In particular, taking into account the Group's business and specific needs as well as the presence of two female Directors out of a total of seven Directors as at 31 December 2024, the Company considers that it has achieved gender diversity at the Board level and targets to further improve the current level of female representation.

Attendance of the Nomination Committee during the Reporting Period is set out below:

Members	No. of meeting(s) attended/held
Mr. Mak Yau Kee Adrian *(Chairman)*, (appointed on 5 February 2024)	4/4
Mr. Zhou Yafei	5/5
Professor Huang Song (appointed on 25 July 2024)	0/0
Mr. Lee Puay Khng (resigned on 24 July 2024)	4/4
Mr. Li Liangwen (resigned on 11 March 2024)	1/1

AUDIT COMMITTEE

As at 31 December 2024 and the date of approval of this annual report, the Audit Committee comprised four members including three independent non-executive Directors, namely Mr. Mak Yau Kee Adrian (Chairman), Professor Japhet Sebastian Law, Professor Huang Song and one non-executive Director, namely Ms. Wei Ting.

The Audit Committee is responsible for reviewing the Group's financial statements, overseeing the Group's financial reporting, risk management and internal control systems, handling the relationship with the Company's external auditor and making recommendations to the Board. None of the members of the Audit Committee is a partner of the former or existing auditors of the Company. The Audit Committee has adopted the principles set out in the CG Code. Meetings of the Audit Committee shall be held at least twice a year.

The Audit Committee has access to and maintains an independent communication with the external auditors and the management to ensure effective information exchange on all relevant financial accounting matters. During the Reporting Period, there were four meetings held by the Audit Committee to (i) review the work done by external auditor, the relevant fees and terms of engagement, the accounting principles and practices adopted by the Group, Listing Rules and statutory compliance; (ii) review and discuss with the auditor the audited financial statements and the unaudited interim financial statements, with recommendations to the Board for approval; (iii) review the internal control system covering financial, operational, procedural compliance and risk management functions; and (iv) consider the independence of the auditor, review the auditor's remuneration and recommend to the Board the auditor's appointment.

The Chairman of the Audit Committee, Mr. Mak Yau Kee Adrian, possesses appropriate professional qualification in finance and accounting and meets the requirements of Rule 3.21 of the Listing Rules.

Attendance of the Audit Committee during the Reporting Period is set out below:

Members	No. of meeting(s) attended/held
Mr. Mak Yau Kee Adrian *(Chairman)* (appointed on 5 February 2024)	4/4
Ms. Wei Ting	4/4
Professor Japhet Sebastian Law (appointed on 10 April 2024)	2/2
Professor Huang Song (appointed on 25 July 2024)	2/2
Mr. Lee Puay Khng (resigned on 24 July 2024)	2/2
Ms. Wang Wanjun (resigned on 18 April 2024)	2/2
Mr. Li Liangwen (resigned on 11 March 2024)	1/1

STRATEGY COMMITTEE

As at 31 December 2024 and the date of approval of this annual report, the Strategy Committee comprised four members including two executive Directors, namely Mr. Zhou Yafei (Chairman) and Mr. Song Chenxi, one non-executive Director, namely Wu Qian, and one independent non-executive Director, namely Professor Japhet Sebastian Law.

The principal duties of the Strategy Committee include drawing up long-term development strategies and significant investments on financing plans of the Company, proposing capital investment for operation projects, and conducting studies and making recommendations on important matters that would affect the development of the Company.

COMPANY SECRETARY

Mr. Wong Kai Hing was the company secretary of the Company (the "**Company Secretary**") until his resignation with effect from 25 July 2024. Mr. Chor Ngai was then appointed as the Company Secretary on 25 July 2024. Mr. Chor Ngai had complied with Rule 3.29 of the Listing Rules in respect of professional training during the Reporting Period.

EXTERNAL AUDITOR'S REMUNERATION

For the Reporting Period, the total remuneration for the audit services and permissible non-audit services provided by Baker Tilly, the Company's external auditor, is set out as follows:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Annual auditing service	**RMB1,380,000**	RMB1,100,000
Interim results review service	**RMB160,000**	RMB82,500
Major transaction and continuing connected transaction review service	**HKD850,000**	N/A
Internal control review service	**HKD130,000**	HKD100,000
Information technology audit review service	**HKD170,000**	N/A
Environmental, social and governance reporting service	**HKD76,000**	HKD63,000

ACCOUNTABILITY AND AUDIT

The Directors are responsible for the preparation of the financial statements of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give a true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the financial statements for the Reporting Period, the Directors have adopted suitable accounting policies and applied them consistently. The accounts for the reporting year have been prepared on a going concern basis.

The Directors acknowledge their responsibility to prepare the financial statements as set out on pages 134 to 215 of this annual report. The statement of the external auditors about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 126 to 133 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining effective risk management and internal control systems to manage, rather than eliminate, risks associated with achieving business objectives. These systems provide reasonable, but not absolute, assurance against material misstatements, losses, or non-compliance with applicable laws and regulations.

The Board has delegated the oversight of risk management and internal control frameworks to the Audit Committee, which supervises the Company's management in the design, implementation, and monitoring of these systems. The Company's management provides an annual update to the Board and the Audit Committee regarding the effectiveness of these systems, supported by reviews conducted by an independent professional consultancy firm.

Risk Management Framework

The Company follows a structured risk management policy designed to identify, assess, and mitigate risks critical to sustainable growth and operational stability. The key components of this framework include:

Risk Identification — Regular engagement with senior management across business units to identify material risks, such as credit defaults in factoring loan portfolios, cybersecurity threats to digital platforms, regulatory compliance in evolving gaming markets, and data privacy vulnerabilities.

Risk Assessment — Prioritization of identified risks based on their impact and likelihood, using risk mapping to guide resource allocation and mitigation strategies.

Risk Mitigation — Implementation of targeted controls to address sector-specific challenges, including enhanced due diligence for factoring loan borrowers, encryption protocols for user data, and real-time monitoring of gaming compliance.

Internal Control Review Consultant

The Company engages a qualified external professional consultancy firm annually to review the design and operational effectiveness of its risk management and internal control systems. This firm conducts interviews, process walkthroughs, and control testing across critical business units. Findings and recommendations are reported to the Audit Committee and the Board, and remediation plans for identified gaps are actively monitored to ensure timely resolution.

To enhance internal control reviews and risk management within the Group, the Board has decided to establish an internal control review department. This initiative aims to more effectively identify and manage risks, thereby minimizing potential harm to the Company. Ultimately, this will help protect the interests of the Group and its stakeholders.

Annual Review

The Board, supported by the Audit Committee and the external consultancy firm, conducts a comprehensive annual review of the risk management and internal control systems. This review assesses:

- Adaptability to emerging risks in dynamic sectors (e.g., fintech regulations, mobile gaming content policies, and digital service innovations).
- Adequacy of staff expertise, training programs, and technological resources to manage sector-specific risks.
- Compliance with legal and regulatory requirements across jurisdictions.

Following this review, the Board has concluded that the risk management and internal control systems in place for the year ended 31 December 2024 are effective and adequate, aligning with the Company's risk appetite and strategic objectives. While these systems mitigate significant risks, they cannot entirely eliminate the possibility of operational failures or financial impacts inherent in the Company's high-growth, technology-driven industries.

During the Reporting Period, the Company had in place policy and procedural guidelines for the disclosure of inside information. The Company regularly reminds the Directors and employees about due compliance with all policies regarding the inside information (as defined under the SFO). Also, the Company endeavours to keep Directors, senior management and employees appraised of the latest regulatory updates.

SHAREHOLDERS' RIGHTS

Procedures for convening a special general meeting

Shareholders shall have the right to request the Board to convene a special general meeting of the Company. Shareholders holding in aggregate of not less than one-tenth of the paid up capital of the Company may send a written request to the Board of the Company to request for special general meeting.

The written requisition, duly signed by the shareholders concerned, must state the purposes of the meeting and must be deposited at the Company's head office and principal place of business in Hong Kong at Suite 2912, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong or at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Section 74 of the Companies Act 1981 of Bermuda (the "**Companies Act**") once a valid requisition is received.

Procedures for shareholders to put forward proposals at general meetings

The following shareholders are entitled to put forward a proposal (which may properly be put to the meeting) for consideration at a general meeting of the Company:

(a) any number of members representing not less than one-twentieth of the total voting rights of the Company on the date of the requisition; or

(b) not less than 100 members holding shares in the Company.

The requisition specifying the proposal, duly signed by the shareholders concerned, together with a statement of not more than 1,000 words with respect to the matter referred to in the proposal must be deposited at the Company's head office and principal place of business in Hong Kong at Suite 2912, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong or at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong. The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act once valid documents are received.

If a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should follow the "Procedures for shareholders to propose a person for election as a Director", which can be found on the website of the Company.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send in their enquiries and concerns to the Board in writing via the following channel:

The Board of Directors/Company Secretary
Tong Tong AI Social Group Limited
Suite 2912, 29th Floor
Two International Finance Centre
8 Finance Street
Central, Hong Kong

Shareholders may also make enquiries with the Board at general meetings of the Company.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has established a shareholders' communication policy and reviews it on a regular basis to ensure its effectiveness. The Board is committed to providing clear and full performance information of the Group to shareholders through the publication of interim and annual reports. In addition to the circulars, notices and financial reports sent to shareholders, additional information of the Group is also available to shareholders on the website of the Company.

Shareholders are encouraged to attend the annual general meeting for which at least 21 clear days' notice is given. The chairman of the Board and Directors are available to answer questions on the Group's business at the meeting. Subject to the Bye-laws, all shareholders shall have statutory rights to call for special general meetings and put forward agenda items for consideration in the general meetings. All resolutions at the general meeting will be decided by way of poll save for purely procedural or administrative matters which may be voted on by a show of hands, where applicable.

The Group values feedback from shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

The Company had reviewed its shareholders' communication policy during the Reporting Period and was satisfied that as to its implementation and effectiveness on the basis that such policy has enhanced timely and open communication between the Company and the shareholders during the Reporting Period.

CONSTITUTIONAL DOCUMENTS

There were no changes in the constitutional documents of the Company during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 Overview of the Report

This is the Environmental, Social and Governance (the "**ESG**") Report (the "**ESG Report**") for Tong Tong AI Social Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**" , "**our**" or "**we**"). While actively expanding the strategic layout in the integrated "Finance + Technology internet sector, the Company strives to foster sustainable business development as the highest priority of its long-term objectives. The Group's ESG approach is to factor the concept of sustainability into the business operations to create shared value for our stakeholders.

With commitment to sustainability, the Group publishes this ESG Report to disclose the Group's ESG-related strategic approach, management measures and overall ESG performance with respect to material ESG aspects. This includes but is not limited to compliance in operation, product responsibilities, green office, employees' interests and giving back to the community, all of which will be discussed in the following sections.

REPORTING SCOPE AND BOUNDARY

The scope is determined based on the importance of the business segments under the Group's direct operational control and the significance of the impact on ESG aspects. The Group has changed its reporting boundaries to reflect our current operational structure following the acquisition of CashBox Group Technology (Hong Kong) Limited and Beijing Liheng Enterprise Management Company Limited (the "**Beijing Liheng**")[1]. Unless otherwise stated, the scope of the ESG Report covers the Group's principal business operations and activities in Hong Kong, Tianjin, Beijing and Hangzhou of the People's Republic of China (the "**PRC**") commencing from the financial years dated from 1 January 2024 to 31 December 2024 (the "**Reporting Period**" or "**2024**"), which is the principal provision of the financial and digital service business line . The Group will continue to examine other potential ESG aspects to determine whether they are required to be included in the ESG Report.

REPORTING STANDARD

This ESG Report is prepared in compliance with the Environmental, Social and Governance Reporting Code (the "**ESG Reporting Code**") as set out in Appendix C2 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and in accordance with the material ESG issues identified from the stakeholders' questionnaires. The information disclosed and presented in this ESG Report follows the four reporting principles required by the ESG Reporting Code as follows:

Materiality: A comprehensive materiality assessment was carried out to identify any material issues during the Reporting Period. The materiality of ESG issues was reviewed and confirmed by the Board of Directors (the "**Board**") and the ESG Working Group (the "**Working Group**"). For further details, please refer to the sections "COMMUNICATION WITH STAKEHOLDERS" and "MATERIALITY ISSUES AND MATRIX".

[1] The environmental data for Beijing Liheng disclosed in this ESG Report covers only the period from September to December 2024, following its acquisition.

Quantitative: The Group has adopted the international standards and emission factors specified in the guidance materials on ESG issued by the Stock Exchange for computing the relevant key performance indicators (the "**KPIs**"), and there is no change from the previous year in the way the ESG Report has been prepared. Explanatory notes were provided to explain the standards, methodologies, and applicable assumptions for calculating KPIs data.

Balance: To present a comprehensive and objective view of the Group's ESG performance during the Reporting Period by providing a balanced disclosure of positive and negative information. This approach ensures that the ESG Report's contents offer an unbiased and transparent depiction of our ESG performance.

Consistency: Unless otherwise stated, the preparation approach of this ESG Report is consistent with the previous year for comparison. During the Reporting Period, the Group undertook business adjustments, resulting in changes to the scope of reporting. The adjustment will also affect the ESG data performance in 2024. We are committed to transparency and will continue to refine our reporting practices to ensure alignment with our sustainability goals. Any changes in the calculation methodologies that may affect comparisons to prior reports will be further explained in the section titled "REPORTING SCOPE AND BOUNDARY".

MESSAGE FROM THE BOARD

We are delighted to present Tong Tong AI Social Group Limited's ESG Report.

In light of today's complex global landscape, our Group has demonstrated exceptional resilience despite significant economic and societal challenges. The evolving digital economy in China — projected to reach 10% of GDP by 2025 according to the "14th Five-Year Plan for the Development of Digital Economy" — presents both opportunities and responsibilities for sustainable business practices. With China's Internet penetration rate reaching 77.5% and serving over 1.092 billion users, we recognise our obligation to contribute positively to this expanding digital ecosystem.

The unprecedented acceleration of digital technologies has underscored the importance of integrating robust ESG risk management into our core operations. To enhance oversight effectiveness, we have established a cross-departmental ESG Working Group comprising key representatives from management, finance, HR, product development, sales, and compliance. This collaborative structure ensures comprehensive identification of material sustainability issues and implementation of appropriate ESG metrics across all business activities.

As we advance into 2025, we recognise the critical need to address emerging environmental expectations. In response to the Stock Exchange's enhanced requirements for climate-related disclosures, our Group has initiated the development of appropriate governance structures to manage climate-related impacts. We are in the early stages of establishing greenhouse gas ("**GHG**") emissions measurement protocols and defining relevant reduction targets that align with industry standards. While we acknowledge this represents a significant undertaking, we are committed to building these environmental frameworks progressively, understanding that effective climate governance is increasingly essential not only for regulatory compliance but for meeting the expectations of our investors, communities, and other stakeholders.

The rapid maturation of artificial intelligence, blockchain, and Web3.0 technologies has transformed our industry landscape. As these technologies redefine traditional business models, we are committed to harnessing their potential responsibly. Our strategic initiatives explore the integration of digital innovation with strong ethical frameworks, particularly in emerging areas such as the metaverse and AI-generated content, which McKinsey projects could impact 95% of executive roles within the next decade.

Looking ahead, we anticipate deepening our community engagement through strategic partnerships that address the digital divide and promote inclusive access to technology. We integrate our core ESG values throughout our fintech services, digital internet services, and digital content services, striving to drive business growth while creating meaning social impact.

We remain deeply grateful to our employees, business associates, and partners for their dedication in supporting our sustainability journey. By collaboratively embracing technological innovation with strong governance principles, we are confident in our ability to create long-term value while contributing to a more sustainable digital future.

COMMUNICATION WITH STAKEHOLDERS

Creating long-term value for stakeholders in business requires a comprehensive understanding of their concerns and expectations. By actively engaging with stakeholders through effective communication channels, including but not limited to meetings, surveys, and online platforms, the Group can establish strong relationships, build trust, and have a positive impact with significant stakeholders in a constantly evolving marketplace. The Group has regularly engaged its key stakeholders, including employees, shareholders and investors, customers, the government, suppliers and business associates, regulatory authorities, community, peer enterprises and industry associations, and the local community to ensure sustainable and mutually beneficial outcomes through effective communication.

The Group strongly believes that our stakeholders play a crucial role in sustaining the success of our business. The Group is actively searching for every opportunity to understand and engage our stakeholders to ensure that improvement can be made in our products and services.

Stakeholders		**Suggestions and Expectations**	**Methods of Communications and Feedback**
Internal	Employees	• Training opportunities and career development • Employee legal rights • Remuneration and compensation package • Occupational health and safety • Support and care for employees	• Employee feedback questionnaire • Internal seminars and training course • Intranet • Team building activities and staff-caring events
	Shareholders and Investors	• Risk management • Sustainable and stable investment return • Participation in decision-making process • Protection of shareholders' rights and interests • Effective corporate governance • Transparency and information disclosure • Compliance in business operations	• Annual general meetings and shareholder meetings • Regular external reports • Company announcements and newsletters • Monitoring of public opinion from the media • Investor relations mailbox and enquiry hotline • Official company website

Stakeholders		Suggestions and Expectations	Methods of Communications and Feedback
External	Customers	• Privacy protection measures • Service quality • Responsiveness to customer enquiries • Protection of consumer rights	• Complaint mechanism • Social media and corporate website • Customer satisfaction surveys • Customer service hotlines
	Government	• Timeliness and accuracy of tax payment • Contribution to economic development • Effective financial risk management • Corporate social responsibility • Promoting employment	• Government inspection and enquiries • Conferences and seminars • Information submission • E-mails and phone calls • Reports on special projects
	Suppliers/Business Associates	• Long-term partnership • Transparency and fairness • Honesty and integrity	• Tender meetings and conferences • Arm's length negotiation • Periodic evaluation
	Regulatory Authorities	• Comprehensive and sound risk management • Compliance with rules and regulations • Corporate social responsibility • Timely and accurate information disclosure • Effective corporate governance	• Legal counsellor • External reports • Company announcements and newsletters
	Community	• Contribution to regional development • Poverty alleviation • Support for the underprivileged • Involvement in community	• Volunteering and charitable events • Community interactions and activities
	Peer Enterprises and Industry Associations	• Compliance with the latest standards • Industry interactions and contributions	• Industry forums, panel discussions and seminars • Conferences, site visits and inspections with industry peers

MATERIAL ISSUES AND MATRIX

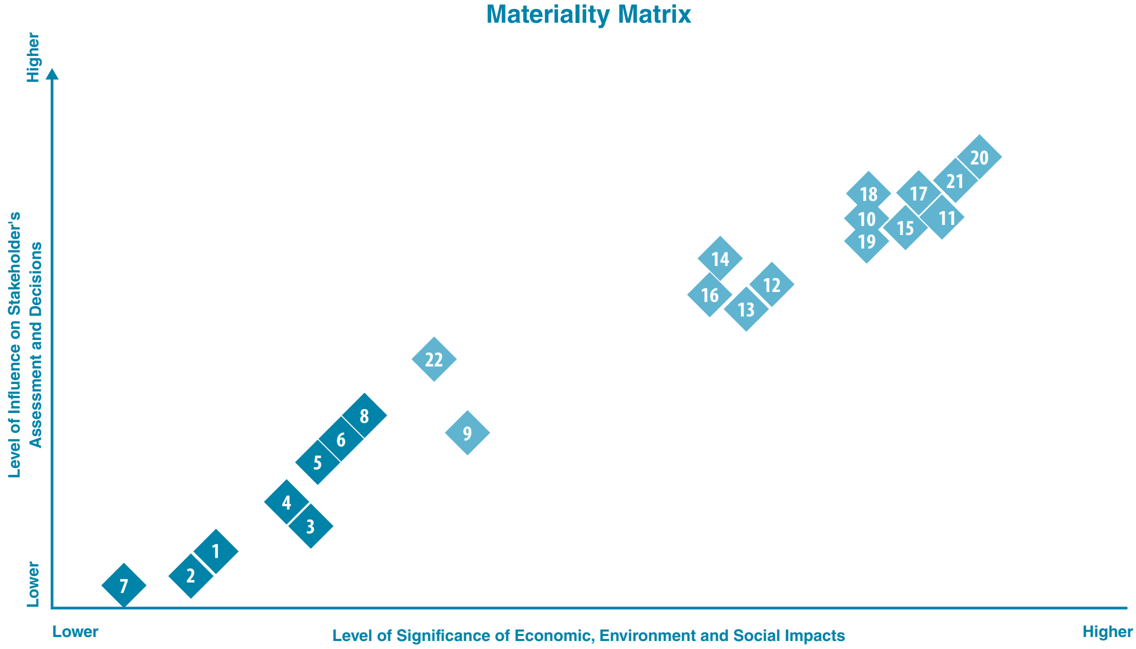
A comprehensive materiality assessment was conducted to identify sustainability priorities aligned with the Group's business characteristics, strategic direction, and industry best practices. Following the principle of "materiality," we developed a specialised stakeholder questionnaire that captured meaningful insights into expectations and concerns from different stakeholder groups, ensuring diverse perspectives informed our sustainability framework.

In the preparation phase, we systematically identified relevant ESG issues with potential or actual impact on our sustainable development trajectory. This identification process drew from multiple authoritative sources, including previous ESG reports, internal governance policies, emerging industry trends, and the Sustainability Accounting Standards Board's Materiality Map. Each identified issue underwent rigorous analysis against the Group's strategic objectives, growth trajectory, and established sustainability targets to ensure comprehensive coverage of material topics.

Our comprehensive materiality assessment, based on 14 valid stakeholder questionnaire responses, identified and prioritised 22 sustainability issues across environmental and social dimensions. The resulting matrix reveals that governance and customer-focused concerns dominate the high-priority quadrant, with protection of customer policy, anti-corruption measures, customer satisfaction, and product/service quality management receiving the highest stakeholder attention. This represents a notable shift toward governance considerations in the evolving ESG landscape.

Social performance indicators — particularly recruitment and retention, diversity and equal opportunities, and occupational health and safety — also emerged as significant priorities, reflecting stakeholders' growing interest in our human capital management practices. While climate change stands as a moderate priority environmental concern, most environmental factors appear in the lower priority quadrant, suggesting opportunities for future education and engagement. This materiality assessment now guides our sustainability strategy, with specific action plans developed for high-priority issues as detailed throughout this ESG Report. The assessment results are presented below:

Materiality Matrix



ESG Topics

Environment		Social	
1	Air Pollutants	10	Employee Wellbeing
2	Greenhouse Gas Emissions	11	Recruitment and Retention
3	Hazardous Waste	12	Diversity and Equal Opportunities
4	Non-hazardous Waste	13	Occupational Health and Safety
5	Energy Usage	14	Staff Training and Career Development
6	Water Usage	15	Prevention of Child and Forced Labour
7	Usage of Packaging Materials	16	Supply Chain Management
8	Environmental and Natural Resources	17	Customer Satisfaction
9	Climate Change	18	Products and Service Quality Management
		19	Protection of Intellectual Property Rights
		20	Protection of Customer Policy
		21	Anti-corruption
		22	Community Investment

2 Compliance and Governance — Robust Governance Structure and Committed Leadership

Amid the accelerated evolution of technology and industry, the integrated "Technology + Finance" internet services sector has become aligned with the national strategic priority focusing in developing high-quality productivity. By optimising resource allocation methodologies and fundamentally reimagining service delivery models through the seamless integration of technology and finance with core industry applications, we have established an interconnected business ecosystem designed to catalyse enterprise development and foster sustainable growth trajectories.

This synchronised approach to innovation, risk management, and strategic transformation positions the industry to navigate complex market dynamics while delivering enhanced stakeholder value through disciplined execution and thoughtful adaptation to emerging opportunities.

Additionally, legal and compliance operations are the cornerstone of the healthy development of the Group. The Group continued to reinforce its compliance management, strengthen the compliance awareness of all employees, and establish a multi-dimensional risk management system and internal control mechanism to regulate corporate governance and eliminate all forms of illegal behaviours, including bribery, corruption, and money laundering.

2.1 Corporate Governance

The Group has always adhered to sound corporate governance principles with the Board at the core. It has maintained excellent risk management and internal control to keep its transparency and accountability to the shareholders. During the Reporting Period, the Group strictly implemented its corporate governance policies. The Board ensures all decisions are made under the principle of fairness and strengthens and improves internal governance to regulate the Group's operation and steadily enhance shareholder value.

Being the Group's highest governing body, the Board consists of executive director(s), non-executive director(s), and independent non-executive directors. The Board is responsible for the overall governance, supervision, and regular review of ESG and climate-related risk and opportunities of the Group, aiming to bring long-term benefits to the Group and its stakeholders. The Board has accumulated sufficient experience to carry out its duty and possesses a balanced mix of skills and expertise which supports the continuing sustainable development of the Group through the following:

- Members of the Board are required to possess deep understanding of sustainable development and climate change issues, with strategic oversight capabilities to ensure alignment between corporate strategy and climate objectives. The Strategic Committee members should possess specialised knowledge in climate risk management and strategy implementation experience.

- Senior management, particularly the Chief Financial Officer and other executives, are selected based on their ability to integrate climate considerations into financial planning and strategic decision-making. They ensure cross-departmental collaboration on climate governance matters and provide necessary resource support.

- To maintain competency levels, the Group shares climate-related knowledge with employees or organise related seminars from time to time, while encouraging active participation in sustainability governance forums and workshops. Additionally, through providing the latest ESG information and industry case studies in its capital market monthly reports and other relevant publications, the Group promotes knowledge sharing and create platforms for learning and exchange among relevant members.

- The Group conducts evaluations of climate governance effectiveness from time to time and, when initiatives yield measurable results, summarises achievements through themed communication activities to motivate continued engagement in climate governance work.

The Group acknowledges that while its current governance structure effectively addresses climate oversight needs for its low-carbon business model, it commits to establishing more formalised climate governance frameworks with enhanced competency requirements should business expansion into new areas necessitates such development, referencing International Financial Reporting Standards (IFRS) and other international standards to ensure governance capabilities evolve with business needs.

In addition, the Board is responsible for overseeing the content of the Group's ESG Report to ensure it does not contain any false representations, misleading statements, or material omissions. In addition, the Board will continue to review the progress based on the ESG and climate-related targets settled annually and enhance the Group's sustainable development. Regarding performance metrics in remuneration policies, the Group will explore and consider if climate-related performance indicators could be incorporated into remuneration structures as part of future governance enhancements, particularly if business expansion into new sectors increases the materiality of climate-related factors to overall corporate performance.

Please refer to the "Corporate Governance Report" section in the 2024 Annual Report of the Group for more details relating to the Group's corporate governance practices and status and the respective roles of the Board and its committees.

Governance Structure

Board	• Oversees the overall decision-making, formulation, administration, and assessment of the ESG and climate-related risk and opportunities • Reviews climate-related impacts on the Group's business and approves appropriate strategies • Ensures alignment between corporate strategy and climate objectives • Incorporates climate considerations into the annual risk assessment and strategic planning processes and business decision
Strategic Committee	• Guides the formulation of ESG objectives, practically climate-related targets and reviews implementation plans • Coordinates cross-departmental resource allocation for climate-related risk and opportunities • Ensures climate risk and opportunity management policies align with the Group's overall strategy • Monitors progress against established climate-related targets and metrics
Working Group	• Assists the Board in managing and monitoring ESG matters, including climate-related issues, on a regular basis • Conducts materiality assessments of ESG issues and prioritises climate-related action items • Collects ESG performance data from functional departments • Monitors implementation of climate-related measures and investigates deviations from targets • Reports to the Board about ESG performance and management system effectiveness annually
Functional Departments	• Execute specific measures to achieve set climate and sustainability strategies and targets • Integrate climate risk and opportunity management into daily business operations • Monitor and report sustainability development and climate-related performance indicators • Implement necessary adjustments based on feedback from the Working Group

The Group recognises that effective climate governance requires integration across all business functions. Our current governance structure effectively incorporates climate risk management through the Strategic Committee's ESG oversight function.

The Board regularly reviews ESG and climate-related information through various channels:

- External information from professional institutions and industry forums
- Internal monitoring and reporting from relevant business departments
- Data analysis and forecasting of climate-related trends and regulatory developments

This integrated approach ensures that climate considerations are embedded within our core business strategies, major transaction decisions, and risk management procedures, aligning with our commitment to sustainable business practices

2.2 *Internal Control and Protection from Risks*

The Group abides by the Company Law of the PRC (《中華人民共和國公司法》) and other relevant laws, regulations, and industry regulations. The Group adheres to compliant operation and constantly reinforces the establishment of a risk management system and internal control compliance system, laying a solid foundation for the sustainable and healthy development of the enterprise.

In accordance with the relevant laws and regulations and the articles of association of the Group, the Group formulated the Internal Control System (《內部控制制度》) to establish and demonstrate an effective internal control mechanism with defined duties and adequate checks and balances. The Group adheres to the "compliance value creation" concept and actively implements compliance management to prevent practical compliance risk. The Group continues to strengthen the organisational leadership, improve the compliance management organisation and functions, and ensure the orderly and healthy development of each department's business. The Group also follows its standardised business procedures to prevent risks such as legal liabilities and regulatory penalties due to irregular operation and operational management. In addition, the Group constantly reinforces the establishment of internal control systems and improves various systems, including internal control management, risk management and customer service, to ensure compliance operations.

The Board acknowledges its responsibility for maintaining effective risk management and internal control systems to manage, rather than eliminate, risks associated with achieving business objectives. These systems provide reasonable, but not absolute, assurance against material misstatements, losses, or non-compliance with applicable laws and regulations.

The Board has delegated the oversight of risk management and internal control frameworks to the Audit Committee, which supervises the Company's management in the design, implementation, and monitoring of these systems. The Company's management provides an annual update to the Board and the Audit Committee regarding the effectiveness of these systems, supported by reviews conducted by an independent professional consultancy firm.

Adhering to the four principles of "comprehensiveness, adaptability, independence and integrated development", the Group maintains the Three Lines Model for risk management, comprising relevant functional departments and business units, a Risk Management Centre and a Control and Audit Centre, to optimise the risk management system continuously. The Group has a sound and complete risk management structure in comprehensive risk management, with defined responsibilities for the Board, senior management and operating management. Operating mechanisms such as identification, evaluation, monitoring, measurement, and reporting risks have been running smoothly, effectively managing all kinds of risks.

2.3 *Anti-corruption Management*

The Group continued strengthening discipline inspection and supervision and vigorously promoted the construction of moral integrity and anti-corruption management. The Group has implemented several key policies to strengthen its anti-corruption management framework, including the updated versions of the Confidentiality Agreement (《保密協議新版》), the Integrity Agreement (《廉潔合作協議書》) and the Commitment to Prevent Conflicts of Interest in Company Business with Employee Relatives (《杜絕員工親屬關係承攬公司業務承諾書》). These policies are designed to support the establishment of a robust governance structure that promotes transparency and ethical behaviour throughout the organisation. By clearly defining expectations and responsibilities, they help mitigate risks associated with corruption and conflicts of interest. Furthermore, these agreements establish a culture of accountability and integrity, ensuring that all employees understand the importance of compliance and the consequences of unethical behaviour. This proactive approach not only protects the Group's reputation but also fosters trust among stakeholders and enhances overall organisational effectiveness. The Group continued to uphold the value of moral integrity, fulfilled its responsibilities, and strengthened supervision and anti-corruption training.

During the Reporting Period, the Group provided anti-corruption training to its employees and management to enhance the Group's integrity and continuously improve supervision and constraint mechanisms. The anti-corruption training aimed to promote anti-money laundering awareness, and enhance understanding of financial risk prevention. The session primarily discussed the evolution of anti-money laundering efforts within financial institutions, outlined current regulatory policies, and explored future trends in market supervision.

Employees Participating in Anti-Corruption Training Session

In addition, it sought to establish standardised procedures for managing the surrender, inventory, and utilisation of gifts and gratuities. As part of its anti-corruption prevention efforts, the Group follows the practices below:

Implementation of responsibility

- Implement the responsibilities of moral integrity construction and anti-corruption work to each management personnel
- Finalise important documents from important meetings on moral integrity construction
- Implement the arrangements for moral integrity construction and anti-corruption works and call for full member conferences

Strengthening supervision and reporting reception

- The senior management leads the heads of each business division and centre in supervising corrupt behaviours, including treats, gifts, cards and offers
- The Group's supervision and audit related departments seriously handle every reporting letter by conducting prompt investigation and report

Anti-corruption training

- Adhere to the collective study once every quarter
- Release new rules and regulations and provide timely anti-corruption training to relevant operational staff
- Carry out anti-corruption projects and conduct integrity and anti-corruption training for the departments involved in supervision and audit work

The Group implements an internal monitoring mechanism to provide a double guarantee for the Group's compliance in operation through the establishment of supervision and anonymous reporting channels. Employees can confidentially report to the Group's supervision and audit related departments for any misconduct, dishonesty, corruption, illegal activity, or wrongdoing within the Group. Upon receipt of such reports, the supervision and audit related department of the Group will promptly conduct investigations on the reported cases of non-compliance, corruption or bribery and take appropriate actions against the violating personnel in accordance with the rules and regulations after reporting to the superiors.

2.4 *Anti-money Laundering*

The Group's core businesses include commercial factoring and other financial services in Mainland China. The nature of business makes anti-money laundering an essential aspect in the Group's risk management system.

The Group abides by the regulations set in the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》), the Provisions on Anti-Money Laundering of Financial Institutions (《金融機構反洗錢規定》), the Measures on the Administration of Client Identity Identification and Materials and Transaction Recording of Financial Institutions (《金融機構客戶身份識別和客戶身份資料及交易記錄保存管理辦法》), the Notice of the People's Bank of China on Issuing the Guidelines for the Assessment of Money Laundering and Terrorism Financing Risks and Categorized Management of Customers of Financial Institutions (中國人民銀行關於印發《金融機構洗錢和恐怖融資風險評估及客戶分類管理指引》的通知), the Administrative Measures for the Freezing of Assets Relating to Terrorist Activities (《涉及恐怖活動資產凍結管理辦法》), and the Measures for the Supervision and Administration of Anti-Money Laundering by Financial Institutions (for Trial Implementation) (《金融機構反洗錢監督管理辦法(試行)》).

The Group sets up an Anti-money Laundering (the "**AML**") team to reinforce the anti-money laundering practice. It formulated the Anti-Money Laundering Internal Control System of the Group (the "**AML System**") (《反洗錢內部控制制度》) (「**反洗黑錢制度**」) to comply with relevant laws and regulations. The AML team comprises members from each business unit, Compliance and Government Affairs Department and Risk Management Centre. The responsibilities of the AML team are outlined as follows:

- To follow up on high-risk customers and suspicious transactions with Risk Management Centre and propose possible action plans;
- To formulate and update AML related policies and guidelines in accordance with the laws and regulations, and to educate the employees in respect of the Group's AML policies and procedure;
- To supervise the AML practice implemented in the business operation and the maintenance of the AML-related records; and
- To investigate suspicion cases reported by each business unit and from the whistle-blowers.

If there is one transaction in a customer account that is finalised as a high credit risk transaction, such an account will be regarded as high risk. The following measures may be adopted as suggested by the AML System:

1. Freezing account balance;
2. Freezing credit;
3. Suspending application of new loan;
4. Calling partial prepayment before maturity;
5. Claiming for additional guarantee; and
6. Accelerating the maturing of loans.

To prevent its employees from participating in any money laundering activities and to prohibit them from assisting any person or organisation that attempts to engage in criminal behaviour or illegal activity, the Group requires its employees, who are responsible for reviewing client information, to complete an AML training within 3 months from their commencement date of employment. The Group also provides one to two AML training sessions to employees from each business unit and those relevant to compliance operations in every financial year to raise the employees' awareness and skills of moral risks and anti-money laundering. The AML policies remain effective in strengthening the practice of anti-money laundering. The table below discloses the AML-related issues in respect of the Group:

	Unit	**2024**
AML-related Issues		
Number of customer accounts that were regarded as high risk by the Risk Management Centre after investigation	No.	**0**
Number of money laundering transactions recognised by the Group	No.	**0**
Number of litigations arising from money laundering	No.	**0**

The Group did not have any litigation arising from corruption, bribery, or money laundering against the Group or its employees during the Reporting Period.

2.5 *Whistle-blowing Policy*

The Group has a Whistle-blowing Policy to encourage employees to report suspicious fraudulent activities. The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation. Therefore, the employee(s) reporting in good faith under this procedure shall be protected against unfair termination or victimisation, even if the reports are subsequently proved to be unsubstantiated. The Group's supervision and audit related departments is responsible for investigating the suspected cases reported by each business unit and from the whistle-blowers. Disciplinary action will be applied to the employee involved upon confirmation of the occurrence, and further legal action may be taken depending on the nature and particular circumstances of each case.

3 Product and Services — Development of Financial Technology with Innovation

The Group primarily on integrated "Technology + Finance" Committed to serving the real economy and promoting development of digital economy and internet ecosystem. The Group leverages its business strengths and capabilities in the innovation and quality services to build a new landscape for the growth of the digital business.

3.1 *Customer Information and Privacy and Customer Services*

By adhering to and implementing the service philosophy of "customer orientation", the Group attaches importance to customer needs. It protects customers' data and privacy and provides quality and satisfactory services.

Protecting Customer Privacy

The Group attaches great importance to protecting customers' data and privacy and builds a comprehensive information security management system. In accordance with the Regulations of the PRC for Safety Protection of Computer Information Systems (《中華人民共和國計算機信息系統安全保護條例》), Implementation Guide for Classified Protection and Information System of Financial Industry (《金融行業信息系統信息安全等級保護實施指引》) (JR/T0071-2012) and related laws and regulations, the Group formulates several key policies including:

- Consumer Rights Protection Measures Explanation (《消費者權益保障措施說明》)
- Personal Information Protection Policy (《個人信息保護政策》)
- User Service Agreement (《用戶服務協議》)
- Products Privacy Policy (《產品隱私政策》)
- User Behaviour Standards (《用戶行為規範》)
- Products and Services Description (《產品及服務說明》)

These policies comprehensively specify information security requirements at the institutional level, enabling the Group to manage the collection, use, storage, and sharing of all types of data, regulate information security management work, and ensure the availability, integrity, and confidentiality of information while fully protecting customer privacy.

The Group has strengthened network security and monitoring of office and guest networks and isolated internal networks from external ones to ensure information security. It employs encryption algorithms to protect users' sensitive information in databases. During the Reporting Period, there was no recognised leakage of information on customers.

Quality Customer Services

Through upholding a customer-focused business development model, the Group continues to enhance customer relationship management, open feedback channels, and improve customer satisfaction. During the Reporting Period, the Group conducted timely staff training to ensure that employees were familiar with the industry and the Group's business conditions to effectively handle customer service requests and process inquiries raised by customers through phone calls and other online communication platforms.

In addition, the Group has implemented stringent customer service standards to prevent false advertising and deceptive marketing practices. For example, within commercial factoring services, account managers are responsible for conducting on-site visits at appropriate intervals after loan disbursements to ensure necessary follow-up actions are taken. They also communicate regularly with customers to assess their business size, operations, and capital needs.

The Group implements a standardised customer complaint mechanism. When handling customers' complaints or inquiries, account managers are arranged to provide one-to-one services to answer customer questions and give feedback at once, providing customers with quality service experience. During the Reporting Period, no products and service-related complaints were received from customers. In addition, since all services of the Group are carried out online, the operating activities do not involve quality inspection procedures and product recycling.

3.2 *Product Responsibility, Observing and Protecting Intellectual Property Rights*

The Group commits to serving the real economy by leveraging its business advantages. The Group engages in (i) the provision of financial services, including the provision of commercial factoring and other financial services; and (ii) the provision of digital internet services including social commerce platforms, development and distribution of digital content including games.

The Group encourages technology innovation, focusing on protecting intellectual property rights, and regards technology innovation as the driving force for the Group's development. The Regulations on Intellectual Property Rights (《知識產權管理辦法》) has been established in accordance with relevant laws and regulations, such as Patent Law of the PRC (《中華人民共和國專利法》), the Copyright Law of the PRC (《中華人民共和國著作權法》), the Trademark Law of the PRC (《中華人民共和國商標法》) and Anti-Unfair Competition Law of the PRC (《中華人民共和國反不當競爭法》), to protect and respect the intellectual property rights of our innovative parties and other companies, and maintain a fair and open market competition environment.

4 Employment and Labor Practices — Working Closely with the Employees for Great Benefits

The Group recognises the tremendous value of its human capital, considering "employees" as its most invaluable asset. Internally, the Group embraces a human-centric management approach, safeguarding employees' legal rights and interests with due diligence. The Group demonstrates a genuine commitment to the well-being of its workforce, prioritising employee care and investing in comprehensive training programs to foster a cohesive corporate culture. Simultaneously, the Group is dedicated to positively impacting the community, actively engaging in community care and support initiatives to cultivate a harmonious relationship with the broader society.

4.1 Employee's Growth

Talents are the core competitiveness of the Group. As always, the Group develops every employee's ability and facilitates their growth by identifying key positions, establishing a talent echelon, regulating the management process, sustaining improvement of employees' professional development path, refining the employee training and development system, and creating a comprehensive award colligation mechanism.

The Group refines its job ranking system to perfect the talent development path. The positions in non-technical hierarchy and technical hierarchy are well organised. According to employees' work experience, knowledge, skills and other factors, the Group identified the hierarchy and rank in which the employees are positioned and the corresponding salary standard. To identify talents and maintain a sound employee promotion path, the Group carries out its appraisal monthly. The monthly performance bonus will be reviewed regarding the employees' appraisal results to ensure that all employees have enjoyed fair and smooth promotion opportunities.

The Group provides diverse professional training courses to all employees on different tiers, raising competence in their current positions. Employees' knowledge, skills, and working methods are improved and raised through these courses, realising their values in joint development with the Group. The Group divides its employees' development requirements through the Training Management Measures, matching the resources required for growth in accordance with the actual needs of employees. Training works can proceed in an orderly manner, thus effectively raising the professional quality of our employees and increasing the corporation's soft power. During the Reporting Period, the Group has provided 295.50 hours of training to 73 employees, 19%[2] of employees being trained. The average training hours per employee are 0.76 hours[3]. The breakdown of training data during the Reporting Period is as follows:

[2] Total percentage of employees trained = Total number of employees trained during the financial year/Total number of employees at the end of the financial year x100%.

[3] Average training hours completed per employee = Total number of training hours completed during the financial year/Total number of employees at the end of the financial year.

	Unit	2024
Percentage of Employees Trained by Employment Category[4]		
Senior Level	%	**1**
Middle Level	%	**7**
General	%	**92**
Total	%	**19**
Percentage of Employees Trained by Gender		
Male	%	**58**
Female	%	**42**
Total	%	**19**
Average Training Hours by Employment Category[5]		
Senior Level	hours/person	**0.21**
Middle Level	hours/person	**0.33**
General	hours/person	**0.93**
Total	hours/person	**0.76**
Average Training Hours by Gender		
Male	hours/person	**0.47**
Female	hours/person	**1.40**
Total	hours/person	**0.76**

4 Percentage of employees trained among employees who participated in training = Number of employees trained by category during the financial year/Total number of employees trained during the financial year x100%.

5 Average training hours = Number of training hours completed by category during the financial year/Number of employees by category at the end of the financial year.

4.2 Employment Standard

The Group is in strict accordance with the laws and regulations such as the Labor Law of the PRC (《中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), the Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》), sticks to legitimate employment and prevents child labour and forced labour from happening at all costs. The Group employs people through fair and open channels, adhering to equal opportunity employment and the principle of matching positions with the right people. Any form of discrimination, such as gender, ethnicity, marital status, and religion, is strictly prohibited in the employment process, remuneration system, training, and promotion mechanism.

The recruitment process of the Group is subject to a stringent internal review process that includes verifying the personal information of applicants. For instance, the Recruitment Department collects identity proof from candidates to ensure that their age meets the requirements stipulated by the law to avoid child labour. If the Group discovers any suspicion of child labour or violations, we will immediately initiate an investigation and take appropriate actions in accordance with relevant laws and regulations to ensure that all business operations comply with our ethical standards and legal requirements.

To prevent forced labour, the Group enforces a strict anti-forced labor internal policy, regularly raises awareness about compliance with labour laws, and implements guidelines on working hours to protect employees from excessive work. We maintain transparent recruitment processes that clearly outline employment terms and provide anonymous channels for reporting concerns. If incidents occur, we will promptly investigate and take corrective actions, including terminating contracts with involved parties while collaborating with authorities to ensure compliance. Additionally, we will support affected individuals through counseling and assistance in finding legal employment, demonstrating our commitment to a work environment free from forced labour and upholding employee rights.

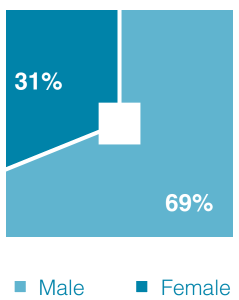
The Group has also set out the Employee's Dismissal or Resignation Management Policy in the Employee Handbook to detail the flow of employee resignation, lays and exit formalities to provide more information to employees, preventing misunderstandings and fostering harmonious relationships with its former employees. The Group has fully adhered to its internal policy during the Reporting Period, with no incidents or complaints regarding violations of human rights or labour codes reported.

The Group established a comprehensive management system of human resources, including an avoidance of nepotism policy whereby employees should abstain from appointment or business dealings relating to families or relatives, safeguarding the equal development opportunity of employees and providing a development platform for diversified talents. Our remuneration packages are competitive and not lower than our peer level. The Group contributes to the "Five Social Insurances and One Housing Fund" for all our contract employees, with their coverage rate reaching 100%.

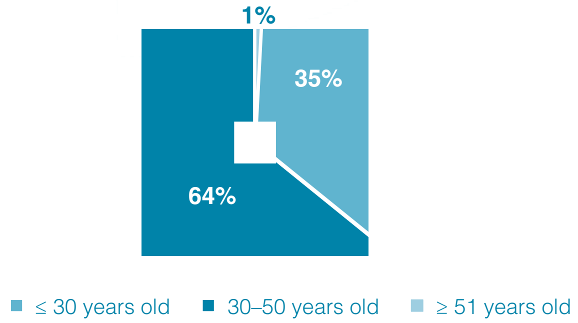
As at 31 December 2024, the Group had 381 full-time employees, with 118 female employees representing 31% of the workforce. The breakdowns of the Group's workforce by gender, age group and region are as follows:

	Unit	2024
by Gender		
Male	person	**263**
Female	person	**118**
by Age Group		
≤ 30 years old	person	**134**
31–51 years old	person	**243**
≥ 51 years old	person	**4**
by Geographical Region		
Hong Kong	person	**6**
Mainland China	person	**375**

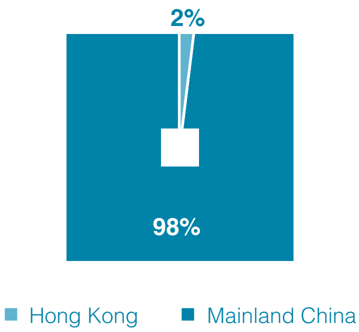
Total Workforce by Gender



Total Workforce by Age Group



Total Workforce by Geographical Region



During the Reporting Period, the main source of employee turnover within the Group stemmed from the continuous advancement of the diversified business strategy, involving structural adjustments to some organizational frameworks and business segments, which led to employee turnover. Meanwhile, as industry competition intensified, especially in emerging technology fields such as AI and big data, competition in the talent market became particularly fierce. The trend of employees moving between traditional industries and emerging industries significantly increased. To effectively address these challenges, the Group is comprehensively optimizing the talent development framework and remuneration incentive mechanisms, introducing flexible career development channels to enhance organizational agility and talent retention, and ensure the sustainable growth of the Group and the stability of its core team, thereby achieving long-term strategic goals. The employee turnover rate for the Reporting Period is as follows:

	Unit	2024
Employee Turnover Rate[5, 6]		
Total employee turnover rate	%	**30**
by Gender		
Male	%	**29**
Female	%	**32**
by Age Group		
≤ 30 years old	%	**40**
31–51 years old	%	**25**
≥ 51 years old	%	**0**
by Geographical Region		
Hong Kong	%	**50**
Mainland China	%	**29**

4.3 *Employee Health and Safety*

The Group provides a comfortable working environment for our employees. It sets up a particular activity room for our employees as a place for rest, where shoulder and neck massages are provided to employees occasionally to relieve fatigue. Moreover, employees are also offered diversified welfare policies such as holiday gifts, employee birthday parties and afternoon tea. At the same time, the Group cares for the employees' health. A medical examination is arranged for the employees annually. There were no fatalities or loss of productivity due to work injuries during the past three consecutive reporting years, including the Reporting Period.

5 Employee turnover rate by category = Total number of employees leaving employment by category during the financial year/Total number of employees by category at the end of the financial year x100%.

6 For calculating the employee turnover rate in Mainland China, data should be based on the period following the announcement of the acquisition of Beijing Liheng's acquisition on 28 August 2024. Therefore, Beijing Liheng's data does not include full-year figures.

5 Community Investment — Giving Back to the Society

5.1 Community Development

As an active community member, the Group is deeply devoted to social welfare. It takes proactive measures to fulfil its corporate social responsibility by actively contributing to the betterment of society. The Group wholeheartedly endorse different initiatives that aim to promote public welfare. We encourage our employees to actively engage in various welfare activities, including community assistance, caring visits, and book donations, intending to foster harmonious community development. However, the Group did not organise community or charity activities during the Reporting Period. The Group will explore volunteer opportunities as soon as we have sufficient resources and time to contribute further to the community.

6 Operating Practices — Positioned for the 21st Century

6.1 Supply Chain Management

To regulate the procurement of materials, the Group constantly reviews the Materials Procurement Management System (《物資採購管理制度》) and makes revisions in compliance, where necessary, with relevant laws and regulations, including the Bidding Law of the PRC (《中華人民共和國招標投標法》) and the Implementation Regulations for Bidding Law of the PRC (《中華人民共和國招標投標法實施條例》). The Group implements centralised, standardised and transparent procurement management and strictly reviews suppliers' professional qualifications and credibility to optimise supplier resources, ensuring the quality of procurement.

During the Reporting Period, the Group has a total of 18 suppliers which are in the PRC. To ensure the Group's supply chain complies with environmental and social regulations and promotes sustainable development, the Group mandates that suppliers and purchasers meet integrity and standardised procurement requirements. Suppliers who adopt environmentally friendly practices and maintain high-quality standards, such as those with ISO 14001 certification, are preferred in the selection process.

Additionally, the Group supports purchasing environmentally friendly products and services to minimise the environmental impact of its business operations. The Group enforces anti-corruption management and performance regulations for suppliers, requiring all suppliers to enter service contracts and sign the Integrity Cooperation Agreement. This agreement includes specific provisions, such as prohibiting the acceptance of private banquets and gifts in cash, coupons, or shopping cards. Purchasers are expected to strictly adhere to the Group's integrity system, ensuring that corruption, bribery, and any behaviour that violates operating with integrity are eradicated. Regular supplier performance evaluations are conducted to maintain compliance with the Group's standards and requirements.

7 Environmental Impacts — Green Innovation to Protect the Earth

The Group as an integrated internet enterprise combining "Technology + Finance", we does not discharge hazardous waste or wastewater and gas, nor does its operation significantly impact on the environment and natural resources. Due to the nature of the business, the impacts of climate change are also considered limited and immaterial to the operation. However, it still strictly abides by the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) and the relevant laws and regulations, actively promotes green office, strengthens environment management, and guides employees to implement low-carbon energy conservation in detail in daily activities, as well as minimises the impact of its operation on the environment. During the Reporting Period, the Group did not observe any non-compliance with the environmental protection laws and regulations.

7.1 Air Emissions and Greenhouse Gas Emissions

In 2024, the Group did not utilise any vehicles or gas fuels, resulting in no air emissions and no direct GHG emissions (Scope 1). The Group's GHG emissions primarily arise from two sources: purchased electricity (Scope 2), and categories covered under the "Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)", specifically Category 5 (waste generated in operations) and Category 6 (business travel). During the Reporting Period, the Group's GHG emissions performance is summarised as follows:

Major Types of GHG Emissions	Sources of Emission Factors	Unit	2024	2023
GHG Indirect Emissions (Scope 2)				
Purchased Heat[8]	• Not applicable	tCO_2e	**N/A**	25.89
Purchased Electricity	• The "Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting by Power Generation Industry for 2023–2025" issued by the Ministry of Ecology and Environment of the PRC	tCO_2e	**61.05**	14.74
Other Indirect Emissions (Scope 3)[9]				
Category 5: Waste Generated in Operations	• Please refer to "Scope 3 Reporting Boundaries"	tCO_2e	**0.59**	0.80
Category 6: Business Travel		tCO_2e	**3.97**	0.92
Total GHG Emissions		**tCO_2e**	**65.61**	42.35
Total GHG Emissions Intensity		**tCO_2e/ capita[10]**	**0.17**	1.57

8 During the Reporting Period, the Group has relied on purchased electricity as the primary source for its air conditioning systems for all heating purpose; therefore, there are no related GHG emissions data available.

9 The Group has updated its disclosure approach during the Reporting Period to comply with the requirements of Part D: Climate-related Disclosures in the newly revised ESG Reporting Code of the Stock Exchange. The data disclosed for 2023 remains applicable.

10 For the Hong Kong office, relevant electricity and water consumption fees are included in the management fees, and there is no separate consumption data. Hence, the figures disclosed have only included the consumption in Mainland China; thus, the calculation of the intensity only includes the employees in Mainland China.

Scope 3 Reporting Boundaries

Scope 3 Categories	Relevance to the Group	Calculation and Emission Factors
Category 5: Waste Generated in Operations		
Waste Disposal and Treatment Emissions	Among the generated waste, paper waste is the primary source of the emissions	• **Methodology:** Adopt a waste-type-specific method for calculation • **Calculation Method:** Multiply the amounts of wastepaper generated by the Group by the corresponding emission factors while considering the disposal methods • **Sources of Emission Factors:** "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange; UK Government GHG Conversion Factors for Company Reporting in 2023; Carbon Audit Toolkit for Small and Medium Enterprises in Hong Kong published by The University of Hong Kong and City University of Hong Kong
Category 6: Business Travel		
Employee Travel Emissions Related to Business Activities	Air travel and high-speed rail travel are the main sources of the emissions	• **Methodology:** Adopt a distance-based method for calculation • **Calculation Method:** Emissions from air travel are calculated by multiplying flight distances, categorised by cabin class, by the corresponding emission factors; Emissions from high-speed rail travel are calculated by multiplying the type of railway, travel distance, and number of passengers by the corresponding emission factors • **Sources of Emission Factors:** The International Civil Aviation Organization (ICAO) Carbon Emissions Calculator; the GHG Emissions from Transport or Mobile Sources Tool from the Greenhouse Gas Protocol

Our Approach

Our Approach	
Standard Used	• GHG Protocol Corporate and Reporting Standard (2004) • The global warming potential values from the "Sixth Assessment Report" issued by Intergovernmental Panel on Climate Change (IPCC) • "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange
Consolidation Approach	Operational control due to the access to operational data
Operational Boundary	• 4 offices in Hong Kong, Tianjin, Beijing and Hangzhou of the PRC

Greenhouse Gas Emissions Target

The Group's total GHG emissions increased significantly during the Reporting Period while emissions intensity dramatically improved, reflecting the Group's evolving operational profile. This emissions shift resulted from several strategic changes in the business, with the most notable being the Group has relied on purchased electricity as the primary source for its air conditioning systems for all heating purpose. Additionally, electricity consumption rose substantially due to expanded operations in the PRC market following strategic acquisition. Waste-related emissions significantly decreased, demonstrating effective waste management approaches, while business travel emissions increased due to expanded global operations and more comprehensive data collection that now includes railway transportation. These changes align with the Group's current reporting boundaries following the integration of new subsidiaries. Despite the increase in absolute emissions, the remarkable improvement in emissions intensity metrics suggests the Group has successfully implemented efficiency measures throughout its expanding operational emissions, positioning the Group favourably for future sustainability targets despite challenges in meeting previous emissions goals.

To comply with Part D: Climate-related Disclosures of the updated ESG Reporting Code by the Stock Exchange effective January 1, 2025, the Group has redefined its GHG emissions targets, referencing the Science Based Targets Initiative (SBTi) Corporate Near-Term Criteria. Detailed information is as follows:

<table>
<tr><th colspan="2">Target Information</th><th colspan="3">Target Set</th></tr>
<tr><td>Target Set</td><td>By 2028 or earlier, the Group aims to achieve a short-term target of reducing Scope 2 GHG emissions by approximately 33.60% compared to the 2024 baseline year</td><td></td><td>Scope 2 GHG Emissions (tCO_2e)</td><td>Reduction from Base Period (%)</td></tr>
<tr><td>Target Type (Absolute/ Intensity)</td><td>Absolute</td><td>Gross Emissions — Base Period (2024)</td><td>79.02[11]</td><td>/</td></tr>
<tr><td>Objective of Target</td><td>Reference with the Science Based Targets Initiative (SBTi) Corporate Near-Term Criteria, the Group aims to reduce GHG emissions from its own operations</td><td>Gross Emissions Target — Target Period (2028)</td><td>52.47</td><td>▼33.60%</td></tr>
<tr><td>Monitoring Progress</td><td>Our Board reviews the targets and performance of Scope 2 GHG emissions annually and assesses whether any revisions are necessary</td><td colspan="3" rowspan="2"></td></tr>
<tr><td>Scope of Target</td><td>This includes all business operations of the Group</td></tr>
<tr><th colspan="5">Progress to Date</th></tr>
<tr><th colspan="3">Scope 2 GHG Emissions (tCO_2e)</th><th colspan="2">Reduction from Base Period (%)</th></tr>
<tr><td>Current Period (2024)</td><td colspan="2">79.02</td><td colspan="2">/</td></tr>
</table>

To reduce the impact of GHG emissions and strive to achieve environmental sustainability, the Group has implemented various mitigating measures stated in the section headed "Energy Conservation and Emissions Reduction".

[11] To ensure accurate year-over-year comparisons and estimations, the Group's gross emission disclosed in this table include a full year's data from Beijing Liheng for the purpose of establishing the GHG reduction target.

7.2 *Waste Management*

The Group always emphasises waste management by classifying and recycling hazardous, electronic, and domestic waste and striving to create environmentally friendly and comfortable office space.

The Group designates specific collection areas and sets up specific recycling processes for hazardous waste such as printer ink cartridges and waste light tubes under the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》). For electronic wastes, the Group provides specialised treatment under the Management Measures on Prevention of Environmental Pollution by Electronic Wastes (《電子廢物污染環境防治管理辦法》), disposing of electronic wastes such as discarded magnetic disks, computer accessories and used batteries collectively according to their categories and sell it to the recycling handler, which is conducive to minimise their environmental impacts.

During the Reporting Period, only an insignificant amount of hazardous waste was generated because of the Group's office operations. This waste includes cleaning chemicals, pesticides, electrical equipment, batteries, and fluorescent light bulbs. All these hazardous materials have been properly disposed of in accordance with related laws and regulations. In addition, the nature of the Group's business activities does not lead to significant generations of hazardous waste.

Regarding domestic waste management, the Group has implemented various measures within office areas to ensure effective waste separation and environmentally responsible disposal. This sophisticated system includes strategically placed, clearly labelled bins for segregating kitchen waste, recyclables, and general waste throughout all facilities. The Group conducts regular training sessions and distributes detailed educational materials to ensure employees thoroughly understand proper waste classification protocols. Digital reminders and visual guides have been installed in communal areas to reinforce these practices. Additionally, the Group has established a rigorous schedule where dedicated cleaning staff promptly clear waste receptacles, thoroughly disinfect bins using environmentally friendly cleaning agents, and ensure all collected materials are transferred to appropriate processing facilities. This systematic approach has significantly improved waste handling efficiency while reducing contamination rates of recyclable materials.

As a key component of its commitment to the PRC's ambitious "dual carbon" strategy and comprehensive ESG principles, the Group has revolutionised its operations through extensive paperless initiatives. The digital transformation encompasses every aspect of business operations through an integrated ecosystem of cloud-based collaboration platforms, the Group's proprietary OA coordination system, and specialised third-party office software solutions. This technological infrastructure enables 100% online processing of approval workflows, comprehensive document management, and all other core business functions without paper dependency. The Group has implemented advanced electronic signature technology compliant with the Electronic Signature Law of the PRC (《中華人民共和國電子簽名法》) for all eligible transactions, dramatically reducing processing time while maintaining legal compliance. Paper consumption is managed through a sophisticated tracking system where all printing activities require individual authorisation and are meticulously recorded, with usage reports regularly reviewed by department heads. The Group actively promotes double-sided printing when physical documents are necessary and has established specific reduction targets for paper consumption across all departments.

The Group's commitment to sustainable operations extends throughout its organisational culture. Comprehensive paperless office training has been fully integrated into new employee onboarding programs, with regular refresher courses available for existing staff to ensure universal proficiency with digital tools. Special attention is given to developing digital competency among employees of all technological backgrounds. These systematic digitalisation efforts have delivered multiple benefits: substantially enhanced operational efficiency, particularly for cross-regional teams; measurable reduction in resource consumption; and significant decreases in carbon emissions — all meticulously tracked through the Group's sustainability metrics system. The Group regularly benchmarks its practices against industry leaders and international standards to continuously improve its environmental performance. Considering the nature of the Group's business activities and these comprehensive paperless initiatives, its operations do not significantly impact natural resources or involve the use of packaging materials.

	Unit	**2024**	2023
Non-hazardous Waste			
Waste paper	kg	**123.12**	165.73
Non-hazardous Waste Intensity			
Total Non-hazardous Waste Intensity[12]	kg/capita	**0.33**	6.14

During the Reporting Period, there was a significant decrease in total non-hazardous waste consumption, with wastepaper showing a notable reduction compared to the previous year. This improvement reflects the Group's successful implementation of comprehensive paperless initiatives, including digital document management systems, electronic approval workflows, and print management controls. The data also reveals a remarkable decrease in the intensity level of non-hazardous waste per capita, demonstrating the effectiveness of our sustainable office practices despite organisational changes. The Group successfully achieved its waste emission target this year and remains dedicated to sustainable development principles. Looking ahead, we are committed to further reducing our environmental emission by reducing our non-hazardous waste intensity. The Group is committed to reducing or maintaining the intensity of non-hazardous waste consumes between 90% and 120% of the level of the baseline year ended 31 December 2024 in the next reporting period. To accomplish this goal, we will continue to enhance our digital transformation efforts, strengthen employee awareness programs on resource conservation, and explore innovative waste reduction strategies across all operations. These measures align with our long-term sustainability vision and reinforce our commitment to environmental stewardship while maintaining operational excellence.

12 No non-hazardous waste has been generated for the Hong Kong office during the Reporting Period. Hence, the figures disclosed have only included the consumption in Mainland China and the calculation of the intensity has only included the employees in Mainland China.

7.3 *Use of Resources*

The Group adheres strictly to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) and other applicable laws and regulations. It actively promotes the principles of green and low-carbon practices within its offices and embraces the concept of sustainable development through small-scale actions. By implementing the Regulations on the Management of Green Office (《綠色辦公管理規定》), the Group encourages green office practices and promotes low-carbon commuting. Furthermore, it encourages employees to conserve water and electricity, aiming to minimise the environmental impact of daily operations. The Group's resource consumption is primarily attributed to electricity consumption.

Energy Consumption

The Group promotes the conservation of electricity. By implementing several measures outlined in the "Energy Conservation and Emissions Reduction" section, the Group is dedicated to achieving energy conservation. The Group firmly believes that these measures will effectively raise employee awareness regarding energy-saving initiatives and lead to long-term reductions in energy consumption.

During the Reporting Period, the energy consumption of the Group is as follows:

	Unit	**2024**	2023
Indirect Energy Consumption			
Purchased Heat[8]	kWh	**N/A**	65,369.50
Purchased Electricity	kWh	**107,054.85**	25,840.79
Total Indirect Energy Consumption	kWh	**107,054.85**	91,210.29
Energy Consumption Intensity			
Total Energy Consumption Intensity	kWh/capita[13]	**285.48**	3,378.16

13 For the Hong Kong office, relevant electricity consumption fees are included in the management fees, thus no separate consumption data. Also, the Hong Kong office did not consume any purchased heat. Hence, the figures disclosed have only included the consumption in Mainland China and the intensity only includes the employee in Mainland China.

During the Reporting Period, the Group's energy consumption patterns reflected our increased operational and business activities. The Group has relied on purchased electricity as the primary source for its air conditioning systems for all heating purposes; therefore, there are no related data available for purchased heat. In addition, the Group has successfully meet the energy target established in the previous reporting period. The changes in energy usage patterns are primarily attributable to our strategic business acquisitions as part of planned expansion initiatives, particularly in the PRC market. Moving forward, the Group remains committed to reducing or maintaining the energy consumption intensity within the targeted range of the baseline year ended 31 December 2024 for the upcoming reporting period.

Water Consumption

The Group also places great importance on the value of water resources. By implementing a range of measures outlined in section "7.4 Energy Conservation and Emissions Reduction", the Group is dedicated to achieving water conservation. The Group firmly believes that these measures will effectively raise employee awareness regarding water-saving initiatives and lead to long-term reductions in water consumption. During the Reporting Period, the Group had no issue sourcing water that was fit for purpose.

The management fees for the Hong Kong office include water consumption fees, and no separate data is available regarding water usage. As for the office in Mainland China, the building provides water to the company without any charge, so there are no water fees to be paid. As a result, no data is available on water consumption or water intensity during the Reporting Period.

7.4 *Energy Conservation and Emissions Reduction*

During the Reporting Period, the Group persevered in its commitment to promoting a green and low-carbon office environment, implementing various measures to reduce emissions and minimise resource consumption. By prioritising these actions, the Group exemplifies its steadfast commitment to environmental sustainability and aligns with the fundamental principles of sustainability. Measures included a variety of strategies, as shown below:

- Advocating "Paperless Office", "Recycling of Paper", "Environment-friendly Printing", etc., to reduce the consumption of paper. All internal documents were submitted for approval through the OA office system and circulated electronically. Electronically stored documents were no longer printed. For documents that did need to be printed, recycled paper or double-sided printing was recommended, and for the records of no significance, used paper was recommended.

- Advocating the "Reuse of Office Supplies". Replacing the internally consumed parts is advisable to extend the regular consumption of office supplies. Replaced consumption parts, such as toner cartridges, printer ink cartridges, batteries, plastic products, and paper cartons, were required to be placed in designated cabinets, dealt with by cleaning personnel daily, and then recycled and reused periodically through special channels.

- Advocating "Water and Electricity Saving". Energy-saving lights were used in the offices, and environmental protection signs were posted to encourage employees to reduce the use of elevators and save energy. All electronic equipment is switched off when it is not in operation.

- Advocating "Green Dining". The Group prepared microwave ovens for employees and encouraged them to bring their lunch boxes to minimise the use of disposable lunch boxes.

- Advocating "Green Commute". Employees were encouraged to commute or go on a business trip by public transport instead of driving or taking a taxi as much as possible when not urgent, without carrying essential documents.

7.5 *The Environment and Natural Resources*

Even though the Group's primary operations currently have a limited impact on environmental and natural resources, as a responsible corporation, we are wholeheartedly dedicated to reducing the adverse effects of our business on the environment. We will achieve this goal by thoroughly assessing the environmental risks associated with our operations and formulating comprehensive environmental policies to contribute to environmental protection actively. Furthermore, we not only abide by relevant environmental laws, regulations, and international standards but also proactively integrate the principles of environmental and natural resource preservation into our internal management and day-to-day operational activities. By doing so, we are committed to attaining our environmental sustainability objectives.

7.6 *Climate Change*

The Group has considered the potential climate-related risks and opportunities regarding the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**"), in which potential physical risks and transition risks from climate change may pose adverse financial impacts on the Group's businesses. Acute physical risk can arise from extreme weather conditions such as flooding and storms, and chronic physical risk can arise from sustained high temperatures. In contrast, transition risk may result from the change in environmental-related regulations.

The potential climate-related risks and opportunities in respect of the recommendations of the TCFD are summarised below:

Risk Type	Risks	Potential Financial Impact	Short (current Reporting Period)	Medium (one to three years)	Long (four to ten years)	Mitigation Strategy
Physical Risks	• Extreme weather conditions such as flooding and typhoon	• Reduced revenue from business due to business disruptions	✓	✓		• Establish an adverse weather condition policy
	• Sustained elevated temperature	• Increased business operating costs			✓	• Adopt energy conservation measures to avoid overconsumption of natural resources
Transition Risks	• Changes in environmental-related regulations	• Higher operating costs to adopt new regulations		✓	✓	• Adopt energy conservation measures to reduce emissions • Continue to monitor the regulatory environment to ensure that the Group complies with environmental-related law and regulation

7.7 *Internal Carbon Prices Mechanism*

The Group has not yet implemented internal carbon pricing in our decision-making processes. However, we are developing a comprehensive framework for future implementation that will enhance our climate risk management capabilities and support our long-term sustainability objectives.

We are developing a framework that incorporate carbon pricing as a material consideration factor in capital allocation processes. When evaluating new investment projects or expanding existing operations, we will calculate carbon costs based on projected emission profiles and integrate these into total project cost assessments. This methodology will enable us to quantitatively prioritise low-carbon, resource-efficient, and environmentally sustainable investments. To mitigate risks associated with carbon price volatility and regulatory developments, we will conduct scenario analyses that model operating conditions and financial performance under multiple carbon price trajectories. This forward-looking analytical framework will strengthen our strategic planning capabilities and enable proactive business model adaptation.

The future pricing methodology will be founded on four key parameters:

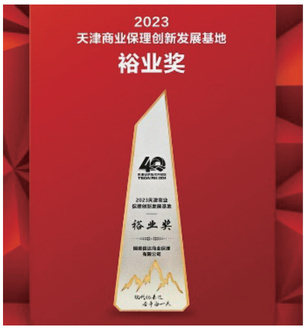
- systematic monitoring of international carbon market dynamics to align with prevailing market fundamentals;
- continuous tracking of national carbon policies and regulatory frameworks to ensure compliance;
- calibration of strategies to reflect our operational scale and business portfolio composition; and
- evaluations of carbon reduction technologies to inform our abatement cost curve and investment prioritisation.

The Group will disclose detailed methodologies and specific carbon price metrics once the framework has been fully operationalised through our governance processes.

8. Award and Recognition

As a prominent integrated internet enterprise specializing in "Technology + Finance", the Group utilize its supply chain capabilities and technological expertise to promote the seamless integration of fintech service with social commerce, digital content services and various other industry sectors. The Group's core commercial factoring business offer financing services to a wide array of small and medium-sized enterprises. Recognising the Group's exceptional achievements, the Tianjin Economic-Technological Development Area honoured it with the awarded "2023 Tianjin Commercial Factoring Innovation and Development Base Business Excellence Award" (2023天津商業保理創新發展基地裕業獎). Furthermore, due to its outstanding innovation, growth, and influence within the digital internet field, the Group received the "2024 China New Economy Top 30 industry Star Gold Award" (2024中國新經濟30強行業之星「金領獎」), highlighting its proactive contributions within the new economic environment.

2024 China New Economy Top 30 Industry Star Gold Award



2023 Tianjin Commercial Factoring Innovation and Development Base Business Excellence Award

STOCK EXCHANGE ESG REPORTING CODE CONTENT INDEX

ESG indicator		Disclosure	Location in the ESG Report
A1 General disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	Environmental Impacts
A1.1	The types of emissions and respective emissions data.	Disclosed	Air Emissions and Greenhouse Gas Emissions
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Air Emissions and Greenhouse Gas Emissions
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Not applicable. As we provide financing and digital services, only insignificant amount of hazardous waste was generated from our business operations
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	Waste Management Energy Conservation
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	Waste Management

ESG indicator		Disclosure	Location in the ESG Report
A2 General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	Use of Resources Energy Conservation and Emissions Reduction
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Use of Resources
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Not applicable. Water consumption is included in the management fee.
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	Energy Conservation and Emissions Reduction
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	Use of Resources Energy Conservation and Emissions Reduction
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Disclosed	Not applicable. As we provide financing and digital services, the Group does not produce tangible products requiring packaging.
A3 General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Disclosed	The Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	The Environment and Natural Resources

ESG indicator		Disclosure	Location in the ESG Report
B1 General disclosure	Policies on remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare and compliance with relevant laws and regulations that have a significant impact on issuers.	Disclosed	Employment Standard
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	Employment Standard
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Employment Standard
B2 General disclosure	Policies on providing a safe working environment and protecting employees from occupational hazards and compliance with relevant laws and regulations that have a significant impact on issuers.	Disclosed	Employee Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	Employee Health and Safety
B2.2	Lost days due to work injury.	Disclosed	Employee Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	Employee Health and Safety
B3 General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	Employee's Growth
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Employee's Growth
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Employee's Growth

ESG indicator		Disclosure	Location in the ESG Report
B4 General disclosure	Policies on preventing child and forced labour and compliance with relevant laws and regulations that have a significant impact on issuers.	Disclosed	Employment Standard
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	Employment Standard
B4.2	Description of steps taken to eliminate such practices when discovered.	Not Applicable	Employment Standard
B5 General disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Supply Chain Management
B5.1	Number of suppliers by geographical regions.	Disclosed	Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	Supply Chain Management

ESG indicator		Disclosure	Location in the ESG Report
B6 General disclosure	Policies on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress and compliance with relevant laws and regulations that have a significant impact on issuers.	Disclosed	Customer Information and Privacy and Customer Services, Product Responsibility, Observing and Protecting Intellectual Property Right
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Disclosed	Not applicable. As we provide financing and digital services, we do not sell physical products.
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	Product Responsibility, Observing and Protecting Intellectual Property Right
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Product Responsibility, Observing and Protecting Intellectual Property Right
B6.4	Description of quality assurance process and recall procedures.	Disclosed	Not applicable. As we provide financing and digital services, we do not sell physical products that will be subject to recall
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	Customer Information and Privacy and Customer Services

ESG indicator		Disclosure	Location in the ESG Report
B7 General disclosure	Policies on bribery, extortion, fraud and money laundering and compliance with relevant laws and regulations that have a significant impact on issuers.	Disclosed	Anti-Corruption Management and Anti-money Laundering
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Anti-Corruption Management and Anti-money Laundering
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	Anti-Corruption Management and Anti-money Laundering
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	Anti-Corruption Management and Anti-money Laundering
B8 General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	Community Investment
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	Community Investment
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Community Investment

	Climate-related Disclosures	Disclosure	Location in the ESG Report
I.	**Governance**		
19.	An issuer shall disclose information about:		
(a)	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	Disclosed	Corporate Governance Governance Structure
(i)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	Disclosed	
(ii)	how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	Disclosed	
(iii)	how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	Disclosed	
(iv)	how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities, including whether and how related performance metrics are included in remuneration policies; and	Disclosed	
(b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	Disclosed	
(i)	whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	Disclosed	
(ii)	whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Disclosed	

Climate-related Disclosures		Disclosure	Location in the ESG Report
II.	**Strategy**		
20.	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:		
(a)	describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	Not yet disclosed	The Group will disclose related information once appropriate.
(b)	explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	Disclosed	Climate Change
(c)	specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons — short, medium or long term — the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	Not yet disclosed	The Group will disclose related information once appropriate.
(d)	explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	Not yet disclosed	
Business model and value chain			
21.	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:		
(a)	a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	Not yet disclosed	The Group will disclose related information once appropriate. We remain committed to transparency and will provide stakeholders with relevant data with reference to local reporting standard.
(b)	a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).		

Climate-related Disclosures		Disclosure	Location in the ESG Report
Strategy and decision making 22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:			
(a)	information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	Disclosed	Climate Change Greenhouse Gas Emission Target
(i)	current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;	Not yet disclosed	The Group will disclose related information once appropriate. We remain committed to transparency and will provide stakeholders with relevant data with reference to local reporting standard.
(ii)	current and anticipated adaptation and mitigation efforts (whether direct or indirect);		
(iii)	any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and		
(iv)	how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	Disclosed	Greenhouse Gas Emission Target
(b)	information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	Not yet disclosed	The Group will disclose related information once appropriate. We remain committed to transparency and will provide stakeholders with relevant data with reference to local reporting standard.
23.	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).		

Climate-related Disclosures		Disclosure	Location in the ESG Report
Financial position, financial performance and cash flows 24. An issuer shall disclose qualitative and quantitative information about:			
(a)	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	Not yet disclosed	The Group will disclose related information once appropriate. We remain committed to transparency and will provide stakeholders with relevant data with reference to local reporting standard.
(b)	the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.		
25. The issuer shall provide qualitative and quantitative disclosures about:			
(a)	how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	Not yet disclosed	The Group will disclose related information once appropriate. We remain committed to transparency and will provide stakeholders with relevant data with reference to local reporting standard.
(i)	its investment and disposal plans; and		
(ii)	its planned sources of funding to implement its strategy; and		
(b)	how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.		

Climate-related Disclosures		Disclosure	Location in the ESG Report
Climate resilience			
26.	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:		
(a)	the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	Not yet disclosed	The Group will disclose related information once appropriate. We remain committed to transparency and will provide stakeholders with relevant data with reference to local reporting standard.
(i)	the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;		
(ii)	the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and		
(iii)	the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;		
(b)	how and when the climate-related scenario analysis was carried out, including:		
(i)	information about the inputs used, including:		
(1)	which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;		
(2)	whether the analysis included a diverse range of climate-related scenarios;		
(3)	whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;		

Climate-related Disclosures		Disclosure	Location in the ESG Report
(4)	whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;	Not yet disclosed	The Group will disclose related information once appropriate. We remain committed to transparency and will provide stakeholders with relevant data with reference to local reporting standard.
(5)	why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;		
(6)	time horizons the issuer used in the analysis; and		
(7)	what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);		
(iii)	the key assumptions the issuer made in the analysis; and		
(iv)	the reporting period in which the climate-related scenario analysis was carried out.		
III. Risk Management 27. An issuer shall disclose information about:			
(a)	the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	Not yet disclosed	The Group will disclose related information once appropriate. We remain committed to transparency and will provide stakeholders with relevant data with reference to local reporting standard.
(i)	the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);		
(ii)	whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;		
(iii)	how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);		

Climate-related Disclosures		Disclosure	Location in the ESG Report
(iv)	whether and how the issuer prioritises climate-related risks relative to other types of risks;	Not yet disclosed	The Group will disclose related information once appropriate. We remain committed to transparency and will provide stakeholders with relevant data with reference to local reporting standard.
(v)	how the issuer monitors climate-related risks; and		
(vi)	whether and how the issuer has changed the processes it uses compared with the previous reporting period;		
(b)	the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and		
(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.		
III.	**Metrics and Targets** **Greenhouse gas emissions** 28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO_2 equivalent, classified as:		
(a)	Scope 1 greenhouse gas emissions;	Disclosed	Air Emissions and Greenhouse Gas Emissions
(b)	Scope 2 greenhouse gas emissions; and		
(c)	Scope 3 greenhouse gas emissions.		

Climate-related Disclosures		Disclosure	Location in the ESG Report
29. An issuer shall			
(a)	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	Disclosed	Air Emissions and Greenhouse Gas Emissions Scope 3 Emission Boundaries Our Approach
(b)	disclose the approach it uses to measure its greenhouse gas emissions including:		
(i)	the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;		
(ii)	the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and		
(iii)	any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;		
(c)	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and		
(d)	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).		

Climate-related Disclosures		Disclosure	Location in the ESG Report
Climate-related transition risks			
30.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Not yet disclosed	The Group will disclose related information once appropriate. We remain committed to transparency and will provide stakeholders with relevant data with reference to local reporting standard.
Climate-related physical risks			
31.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Not yet disclosed	The Group will disclose related information once appropriate. We remain committed to transparency and will provide stakeholders with relevant data with reference to local reporting standard.
Climate-related opportunities			
32.	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Not yet disclosed	The Group will disclose related information once appropriate. We remain committed to transparency and will provide stakeholders with relevant data with reference to local reporting standard.

Climate-related Disclosures		Disclosure	Location in the ESG Report
Capital deployment			
33.	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Not yet disclosed	The Group's current business operations do not involve related investments as we remain in the exploratory phase of such initiatives. Moving forward, we will continue to monitor relevant developments and compile pertinent information in this domain. Upon reaching appropriate maturity or when corresponding requirements emerge through substantive business expansion, we will provide disclosures on these matters in accordance with local reporting standard.
Internal Carbon prices 34. An issuer shall disclose:			
(a)	an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and	Disclosed	Internal Carbon Prices Mechanism
(b)	the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;		

Climate-related Disclosures		Disclosure	Location in the ESG Report
Remuneration			
35.	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Disclosed	Corporate Governance
Industry-based metrics			
36.	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Not yet disclosed	The Group are consider the applicability of the industry-based metrics associated with disclosure topics and will disclose it once appropriate.
Climate-related targets			
37.	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	Disclosed	Greenhouse Gas Emissions Target
(a)	the metric used to set the target;		
(b)	the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);		
(c)	the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);		

Climate-related Disclosures		Disclosure	Location in the ESG Report
(d)	the period over which the target applies;		
(e)	the base period from which progress is measured;		
(f)	milestones or interim targets (if any);		
(g)	if the target is quantitative, whether the target is an absolute target or an intensity target; and		
(h)	how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.		
38.	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	Disclosed	Greenhouse Gas Emissions Target
(a)	whether the target and the methodology for setting the target has been validated by a third party;		
(b)	the issuer's processes for reviewing the target;		
(c)	the metrics used to monitor progress towards reaching the target; and		
(d)	any revisions to the target and an explanation for those revisions.		
39.	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.		
40.	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:		
(a)	which greenhouse gases are covered by the target;		
(b)	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;		
(c)	whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;		

Climate-related Disclosures		Disclosure	Location in the ESG Report
(d)	whether the target was derived using a sectoral decarbonisation approach; and	Disclosed	Greenhouse Gas Emissions Target
(e)	the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	Not yet disclosed	The Group will disclose related information once appropriate. We remain committed to transparency and will provide stakeholders with relevant data with reference to local reporting standard.
(i)	the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	Not yet disclosed	
(ii)	which third-party scheme(s) will verify or certify the carbon credits;	Not yet disclosed	
(iii)	the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	Not yet disclosed	
(iv)	any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	Not yet disclosed	
Applicability of cross-industry metrics and industry-based metrics			
41.	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Not yet disclosed	The Group will disclose related information once appropriate. We remain committed to transparency and will provide stakeholders with relevant data with reference to local reporting standard.

bakertilly 天職國際

Independent auditor's report to the shareholders of
Tong Tong AI Social Group Limited (formerly known as Gome Finance Technology Co., Ltd.)
(Incorporated in the Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Tong Tong AI Social Group Limited (formerly known as Gome Finance Technology Co., Ltd.) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 134 to 215, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of prepayment for acquisition of Tianjin Guanchuang Mei Tong Electronic Commerce Limited ("TJGCMT")	
We identified the impairment assessment of prepayment for acquisition of TJGCMT as a key audit matter due to the uncertainty on the timing of the completion of the acquisition and the recoverability of the prepayment thereon if the acquisition is not going to proceed further. As described in note 19 to the consolidated financial statements, the Group entered into a loan agreement on 7 June 2017 with Beijing Bosheng Huifeng Business Consulting Co., Limited ("OPCO"), a company established in the People's Republic of China ("PRC") of which 90% equity interest is owned by Ms. Du Juan ("Ms. Du"), the controlling shareholder of the Company, to provide a non-interest-bearing loan of RMB720 million to OPCO solely for the Group's purpose of acquiring the entire equity interest of TJGCMT from independent third parties (the "Sellers"). On 25 July 2017, OPCO and the Sellers entered into an equity share transfer agreement (the "Transfer Agreement") pursuant to which OPCO agreed to buy and the Sellers agreed to sell the entire equity interest of TJGCMT (the "Transaction"). RMB576 million was paid by the Group to OPCO according to the aforesaid agreements and was recorded as prepayment under current assets since 2018 and was then reclassified as non-current assets since 2019. According to the Transfer Agreement, the Transaction will only be considered as complete upon the change of actual controller of TJGCMT and such approval process is still under the review of the People's Bank of China ("PBOC") or its affiliated institutions. The change of actual controller of TJGCMT has not been completed as at 31 December 2024 and up to the date of this report.	Our procedures in relation to impairment assessment of prepayment for acquisition of TJGCMT included: — discussing with the Group's management about the progress of the Transaction and the approval process of the PBOC, and understand how the management has advanced the application process given the approval from the PBOC has not been received as at 31 December 2024 and up to the date of our report; — obtaining board resolution in respect of the management's decision to allow addition time for the Transaction to be completed; — performing search of company background information on OPCO, TJGCMT and subsidiaries of TJGCMT; — arranging confirmations to OPCO and the Sellers to verify the existence of the prepayment; — interviewing management of TJGCMT and the representative of the PBOC to understand the progress of the Transaction and the approval process of the PBOC; — obtaining an understanding of the management's process and basis adopted in the impairment assessment of the prepayment;

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of prepayment for acquisition of Tianjin Guanchuang Mei Tong Electronic Commerce Limited ("TJGCMT") (continued)	
Taking into account the uncertainty about the estimated time it will take for the PBOC to complete the approval process and the change of actual controller of TJGCMT, and also the overall macro environment in the PRC, on 25 March 2024, a personal guarantee (the "Guarantee") was offered by Mr. Wong Kwong Yu ("Mr. Wong"), spouse of Ms. Du, to guarantee the recoverability of the prepayment of RMB576 million. Pursuant to the Guarantee, Mr. Wong undertakes to request full refund either from the Sellers or through disposal of entire equity interest of TJGCMT ("Disposal Action"). If the Company decides to terminate the Transaction and cannot receive the proceeds resulting from the Disposal Action on or before 31 December 2025, Mr. Wong will make good any shortfall with his personal assets to the Group on or before 31 December 2026.	— obtaining valuation report in relation to the valuation of TJGCMT and discussing with the external valuer engaged by the Group to understand and challenge the valuation methodologies and key assumptions applied in the valuation model; — obtaining and reviewing the personal guarantees executed by Mr. Wong and assessing his ability to repay the shortfall; — testing mathematical accuracy of the impairment loss; and — checking relevant disclosures in the consolidated financial statements.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of prepayment for acquisition of Tianjin Guanchuang Mei Tong Electronic Commerce Limited ("TJGCMT") (continued)	
Given the abovementioned facts and circumstances and with the information currently available to the Group, the directors of the Company has decided to give some more time to wait for the Transaction to be completed. The directors of the Company has also performed an impairment assessment in respect of the recoverability of the Group's prepayment of RMB576 million to the OPCO. The recoverable amount of the prepayment for the year ended 31 December 2024 has been determined based on (i) the valuation performed by an independent valuer on TJGCMT as at 31 December 2024; and (ii) the market value of the personal assets of Mr. Wong as at 31 December 2024. For the year ended 31 December 2024, as the recoverable amount of the prepayment is higher than its carrying amount as at 31 December 2024, the directors of the Company considered that no impairment of prepayment would be recognised in profit or loss.	

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and intangible assets	
We identified the impairment assessment of goodwill and intangible assets as a key audit matter as the impairment assessment of goodwill and intangible assets involves significant degree of management's estimates and judgements. The management of the Group conducted impairment assessments with the assistance of independent external valuers by evaluating the recoverable amount of each of the cash-generating units, to which the goodwill and intangible assets are allocated, based on its value in use calculation using discount cashflow forecast. The process of assessing the recoverable amount involves significant judgements and estimates, including assumptions related to forecasted revenue, discount rates, and growth rates. The results are highly sensitive to expected future market conditions and the actual performance of each cash-generating unit. As disclosed in notes 16 and 17 to the consolidated financial statements, the carrying amounts of goodwill and intangible assets as at 31 December 2024 are RMB463,743,000 and RMB286,695,000, respectively. In the opinion of the directors of the Company, no impairment loss is recognised for the year ended 31 December 2024.	Our procedures in relation to impairment assessment of goodwill and intangible assets included: — Obtaining an understanding on the Group's cash flow forecast preparation process and impairment assessment process; — Assessing the competence, capability and objectivity of the external valuer engaged by the management; — Assessing the reasonableness of the key assumptions made by the management in determining the recoverable amount of the CGUs, including discount rates, growth rates and expected changes to revenue and direct costs by comparing to the historical performance, the most recent actual performance and/or business development plan of respective CGUs; — Testing the mathematical accuracy of the underlying valuer-in-use calculations; and — Evaluating the sensitivity analysis performed by management around the key assumptions applied to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill and/or intangible assets to be impaired.

Other information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and the Audit Committee for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

— Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Del Rosario, Faith Corazon.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 28 March 2025

Del Rosario, Faith Corazon
Practising certificate number P06143

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	6	**264,100**	82,024
Other income and other losses	6	**(15,527)**	(2,449)
Administrative expenses		**(55,960)**	(25,185)
Marketing expenses		**(120,227)**	–
Provision for expected credit loss on trade and loans receivables, net	7	**(3,466)**	(3,405)
Finance costs	8	**(1,150)**	(4,901)
Operating profit		**67,770**	46,084
Profit before tax	7	**67,770**	46,084
Income tax expense	11	**(9,264)**	(9,087)
Profit for the year		**58,506**	36,997
Profit for the year attributable to:			
Owners of the Company		**39,641**	36,997
Non-controlling interests		**18,865**	–#
		58,506	36,997
		RMB cents	RMB cents
Earnings per share			
— Basic	13	**0.98**	1.37

Less than RMB1,000

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Profit for the year	**58,506**	36,997
Other comprehensive income for the year:		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**22,742**	14,883
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**7,054**	–
	29,796	14,883
Total comprehensive income for the year	**88,302**	51,880
Total comprehensive income attributable to:		
Owners of the Company	**64,305**	51,880
Non-controlling interests	**23,997**	–#
	88,302	51,880

Less than RMB1,000

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Prepayment	19	**368,000**	368,000
Property, plant and equipment	14	**1,320**	31
Right-of-use assets	15	**2,039**	627
Goodwill	16	**463,743**	–
Intangible assets	17	**286,695**	–
Deferred tax assets	25	**3,596**	2,875
Total non-current assets		**1,125,393**	371,533
Current assets			
Trade and loan receivables	18	**1,326,021**	1,043,488
Prepayments, deposits and other receivables	19	**25,592**	2,802
Cash and cash equivalents	20	**130,485**	284,383
Total current assets		**1,482,098**	1,330,673
Current liabilities			
Trade payables	21	**23,552**	50
Other payables and accruals	22	**33,612**	5,777
Contract liabilities	23	**10,154**	–
Tax payables		**12,931**	11,617
Lease liabilities	15	**1,338**	567
Total current liabilities		**81,587**	18,011
Net current assets		**1,400,511**	1,312,662
Total assets less current liabilities		**2,525,904**	1,684,195

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Deferred tax liabilities	25	**1,371**	–
Borrowings	24	**58,954**	–
Lease liabilities	15	**512**	–
Total non-current liabilities		**60,837**	–
Net assets		**2,465,067**	1,684,195
Equity			
Share capital	26	**45,824**	230,159
Reserves	27	**2,224,978**	1,454,035
Equity attributable to owners of the Company		**2,270,802**	1,684,194
Non-controlling interests	30	**194,265**	1
Total equity		**2,465,067**	1,684,195

Approved and authorised for issue by the board of directors on 28 March 2025 and were signed on its behalf by:

Zhou Yafei
Director

Song Chenxi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company								
		Reserves							
	Share capital RMB'000	**Share premium** RMB'000	**Contributed surplus** RMB'000	**Capital reserve** RMB'000	**Exchange reserve** RMB'000	**Accumulated losses** RMB'000	**Total reserves** RMB'000	**Non-controlling Interests** RMB'000	**Total equity** RMB'000
At 1 January 2023	230,159	1,944,601	520,838	87,072	(14,765)	(1,135,591)	1,402,155	–	1,632,314
Profit for the year	–	–	–	–	–	36,997	36,997	–#	36,997
Other comprehensive income	–	–	–	–	14,883	–	14,883	–	14,883
Total comprehensive income for the year	–	–	–	–	14,883	36,997	51,880	–#	51,880
Capital contribution from non-controlling interest	–	–	–	–	–	–	–	1	1
At 31 December 2023	230,159	1,944,601	520,838	87,072	118	(1,098,594)	1,454,035	1	1,684,195
Profit for the year	**–**	**–**	**–**	**–**	**–**	**39,641**	**39,641**	**18,865**	**58,506**
Other comprehensive income	**–**	**–**	**–**	**–**	**24,664**	**–**	**24,664**	**5,132**	**29,796**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**24,664**	**39,641**	**64,305**	**23,997**	**88,302**
Capital reorganisation (note 26)	**(207,143)**	**–**	**207,143**	**–**	**–**	**–**	**207,143**	**–**	**–**
Issuance of shares on acquisition of subsidiaries (note 26)	**22,808**	**499,495**	**–**	**–**	**–**	**–**	**499,495**	**–**	**522,303**
Acquisition of subsidiaries (note 29)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**170,420**	**170,420**
Capital reduction of non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(153)**	**(153)**
At 31 December 2024	**45,824**	**2,444,096**	**727,981**	**87,072**	**24,782**	**(1,058,953)**	**2,224,978**	**194,265**	**2,465,067**

Less than RMB1,000

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Profit before tax:		**67,770**	46,084
Adjustments for:			
Bank interest income	6	**(5,266)**	(8,969)
Finance costs	8	**1,150**	4,901
Provision for expected credit loss on trade and loan receivables, net	7	**3,466**	3,405
Depreciation of property, plant and equipment	7	**33**	–
Depreciation of right-of-use assets	7	**1,267**	1,166
Amortisation of intangible assets	7	**12,553**	–
Exchange losses/(gains)		**96**	(2,960)
Operating cash flows before movements in working capital		**81,069**	43,627
Increase in trade and loan receivables		**(227,678)**	(125,658)
(Increase)/decrease in prepayments, deposits and other receivables		**(7,397)**	6,553
Decrease in trade payables		**(4,756)**	–
Increase/(decrease) in other payables and accruals		**5,267**	(2)
Increase in contract liabilities		**9,899**	–
Cash used in operations		**(143,596)**	(75,480)
Income tax paid		**(8,660)**	(8,768)
Net cash used in operating activities		**(152,256)**	(84,248)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from investing activities			
Purchases of property, plant and equipment		**(947)**	–
Additions to intangible assets		**(34,677)**	–
Purchases of financial assets at fair value through profit or loss ("FVTPL")		**(9,000)**	–
Proceeds from disposal of financial assets at FVTPL		**9,000**	–
Net cash flow from CashBox Acquisition	29(i)	**7,338**	–
Net cash flow from Beijing Liheng Acquisition	29(ii)	**1,000**	–
Withdrawal of pledged deposit for bank loans		**–**	434,194
Interest received		**5,266**	8,969
Net cash (used in)/generated from investing activities		**(22,020)**	443,163
Cash flows from financing activities			
Repayment of bank borrowings	35	**–**	(367,500)
Interest and other finance charges paid	35	**(40)**	(5,252)
Redemption of bonds	35	**–**	(17,789)
Repayment of principal portion of lease liabilities	35	**(1,457)**	(1,203)
Capital reduction of non-controlling interest		**(153)**	–
Net cash used in financing activities		**(1,650)**	(391,744)
Effect of foreign exchange rate changes		**22,028**	14,113
Net decrease in cash and cash equivalents		**(153,898)**	(18,716)
Cash and cash equivalents at beginning of year		**284,383**	303,099
Cash and cash equivalents at end of year, representing by			
Cash and bank balances	20	**130,485**	284,383

1 CORPORATE AND GROUP INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business in Hong Kong is located at Suite 2912, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. Following the completion of the acquisition as detailed in note 29(i), in the opinion of the directors of the Company, the ultimate controlling shareholders of the Company are Mr. Wong Kwong Yu ("Mr. Wong") and Ms. Du Juan ("Ms. Du"), through Mega Bright Capital Resources Limited, a company incorporated in Hong Kong with limited liability, and Swiree Capital Limited, a company incorporated in the British Virgin Islands with limited liability, respectively. Mr. Wong and Ms. Du are hereinafter collectively referred to as the "Controlling Shareholders".

The principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise (i) provision of commercial factoring in the People's Republic of China ("PRC"); (ii) other financial services in PRC; (iii) provision of online advertising services and top-up services; and (iv) provision of online data processing, transaction processing and value-added telecommunications services.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2024 (%)	2023 (%)	Principal activities
Ability Wealth Holdings Limited	British Virgin Islands	HKD390,000 Ordinary	**100#**	100#	Investment holding
Guangzhou City Yuenqian Investment Consultancy Limited Liability Company*	PRC	RMB500,596,100 Registered capital	**100**	100	Consultation service
Gome Xinda Commercial Factoring Limited* ("Xinda Factoring")	PRC	RMB299,310,000 Registered capital	**100**	100	Commercial factoring
Gome Wangjin (Beijing) Technology Co., Ltd.*	PRC	RMB50,000,000 Registered capital	**100**	100	Financial information service
CashBox Group Technology (Hong Kong) Limited ("CashBox")	Hong Kong	HK$10,000 Ordinary	**27.7**	–	Provision of online advertising services and top-up services
Beijing Liheng Enterprise Management Co., Ltd. ("Beijing Liheng")**	PRC	RMB1,000,000 Registered capital	**26^**	–	Investment holding
Hainan Tongtong Intelligent Technology Co., Ltd.**	PRC	RMB5,000,000 Registered capital	**26^**	–	Provision of value-added telecommunication services
Lehuopai (Beijing) Technology Co., Ltd.**	PRC	RMB10,000,000 Registered capital	**26^**	–	Provision of online data processing, transaction processing
Lehuopai (Hangzhou) Technology Co., Ltd**	PRC	RMB5,000,000 Registered capital	**26^**	–	Provision of online data processing, transaction processing

The subsidiary is directly held by the Company

* These subsidiaries are registered as wholly-foreign-owned enterprises under the law of PRC.

^ The Company possesses the majority of voting right, reflecting its control over these entities.

** The English translation of the company name is for reference only. The official name is in Chinese.

1 CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the years ended 31 December 2024 and 2023 or formed a substantial portion of the net assets of the Group as at 31 December 2024 and 31 December 2023. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

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

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective (continued)

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

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective (continued)

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the disclosure requirements of Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") which is different from the Company's functional currency of Hong Kong dollars ("HKD") and all values are rounded to the nearest thousand except when otherwise indicated.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for each of the reporting period. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or HK(IFRIC)-Int 21 "Levies", in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 "Leases") as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each reporting date.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components and any associated non-lease components as a single lease component.

Non-lease components are separated from lease component and are accounted for by applying other applicable standard.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use assets are transferred to property, plant and equipment.

The Group presents right-of-user assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments represent fixed payments and the exercise price of a purchase option if the Group is reasonably certain to exercise the option.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (“FVTOCI”), and fair value through profit or less (“FVTPL”).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVTPL, transaction costs.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 "Revenue from Contracts with Customers" in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVTPL.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments and other financial assets (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit loss ("ECL") for all financial assets not held at FVTPL. The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments and other financial assets (continued)

Impairment of financial assets (continued)

General approach (continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when the financial instrument has been downgraded within the five-tier classification or the debtor's contractual payments (including principal and interest) are past due for certain days.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. Irrespective of the above, the Group considers that default has occurred when the financial instrument is overdue and remained unsettled despite follow-up actions have been taken.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments and other financial assets (continued)

Impairment of financial assets (continued)

General approach (continued)

According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the ECL by three stages:

- Stage 1: Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECL
- Stage 2: Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECL
- Stage 3: Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECL

The Group classified its commercial factoring loan receivables under general approach into five-tiers:

Stage 1	
Normal	Not yet due
Special mention	Past due for 1–90 days
Stage 2	
Substandard	Past due for 91–180 days
Doubtful	Past due for 181–365 days
Stage 3	
Loss	Past due over 365 days

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments and other financial assets (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECL. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has applied loss rates which are referenced to the default rates adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group classified its trade receivables under simplified approach into five-tiers:

Not credit-impaired	
Normal	Not yet due
Special mention	Past due for 1–90 days
Substandard	Past due for 91–180 days
Credit-impaired	
Doubtful	Past due for 181–165 days
Loss	Past due over 365 days

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, trade payables, other payables and accruals, bonds issued, or bank borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, trade and other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income tax (continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax asset and liabilities are offset when there is a legally enforceable right to set off current tax assets against tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Revenue recognition

Interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired. Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when (or as) a performance obligation is satisfied, i.e. when control of services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Advertising service income

The Group provides advertising services primarily through display of impressions or clicks of the advertisement/embedded hyperlinks on particular areas of the Group's mobile games. The service fee from customers is charged primarily on the basis of per number of click or per duration of display time. Advertising revenue is recognised at a point in time once the advertisement/embedded hyperlinks being clicked or displayed.

Top-up service income

The Group engages in development and operation of mobile games. All mobile games of the Group are free to play. The Group offers virtual items to players. Players can purchase online points and convert them into various in-game virtual items for better in-game experience. In-game virtual items represent consumable items that can be consumed by player actions or expire over a predetermined expiration time. The service fee is paid directly by end players mainly via online payment channels or distributions. Given there is obligation to maintain the in-game virtual items and allow users to gain access and experience from them, top-up revenue is recognised over time when services are rendered to players.

Subscription income

The Group provides membership packages and subscription plans that offer customers access to premium features and contents of the social networking platform operated by the Group. The service fee is based on the selected membership package or subscription plans and is paid in advance which is recognised as contract liabilities until it subsequently recognised as revenue. Subscription revenue is recognised at a point in time when the customers activated the subscription code given by the Group.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Financial information service income

Financial information service income is recognised when the services are rendered.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other employee benefits

Retirement benefit schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions.

The employees of the Group's subsidiaries which operate in PRC are required to participate in a central pension scheme operated by the local municipal government (the "Mainland Scheme"). The subsidiaries are required to contribute a percentage of the basic salaries of its employees to the Mainland Scheme to fund their retirement benefit obligations of all existing and future retired employees of the subsidiaries. The only obligation of the Group with respect to the Mainland Scheme is to pay the ongoing required contributions under the Mainland Scheme mentioned above. Contributions under the Mainland Scheme are charged to profit or loss as incurred as they become payable in accordance with the rules of the central pension scheme.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Exchange differences relating to the retranslation of the Group's net assets in HKD to the Group's presentation currency (i.e. RMB) are recognised directly in other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of prepayment for acquisition of Tianjin Guanchuang Mei Tong Electronic Commerce Limited ("TJGCMT")

Up to 31 December 2024, prepayment of RMB576,000,000 (2023: RMB576,000,000) was advanced to Beijing Bosheng Huifeng Business Consulting Co., Limited (the "OPCO"), a company 90% owned by a controlling shareholder of the Company, solely for the Group's purpose of acquiring the entire equity interest in TJGCMT (the "Transaction") and it was recorded as a non-current prepayment in the consolidated statement of financial position. The Transaction will only be considered as complete upon the change of actual controller of TJGCMT and such approval process is still under the review of the People's Bank of China ("PBOC") or its affiliated institutions and the change of actual controller of TJGCMT has not been completed as at 31 December 2024 and up to the date of this annual report. Taking into account the uncertainty about the estimated time it will take for PBOC to complete the approval process and the change of actual controller of TJGCMT, and also the overall macro environment in the PRC, the management of the Group has performed an impairment assessment in respect of the recoverability of the prepayment. For the years ended 31 December 2024 and 2023, as the recoverable amount of the prepayment is higher than its carrying amount, the directors of the Company considered that no impairment of prepayment would be recognised in profit or loss. Further details are included in note 19.

Impairment assessment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the recoverable amount of the individual asset if for intangible asset that can be estimated individually and/or the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated and intangible assets belong, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (continued)

Estimation uncertainty (continued)

Impairment of trade and loan receivables

The policy for impairment of trade and loan receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts as well as forward looking information without undue cost or effort. A considerable amount of estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Further details are included in note 18.

5 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the internal reports reviewed and used by executive directors of the Company for strategic decision making. The executive directors consider the business from a product and service perspective.

Prior to the acquisition of new businesses as stated in the subsequent paragraph, the Group's businesses included commercial factoring business, finance lease business and other financial service segments.

During the year, the Group commenced businesses by engaging in (i) gaming development and publishing, along with the acquisition of GOME Faith International Investment Limited ("GOME FIIL"), GOME Faith Internet Technology Co., Limited ("GOME FITL"), and CashBox (as detailed in note 29 (i)); and (ii) providing online data processing, transaction processing, and value-added telecommunications services, along with the acquisition of Beijing Liheng (as detailed in note 29 (ii)). These activities are considered as separate operating and reportable segments by the executive directors of the Company.

Summary of details of the operating segments which are categorised into the following reportable segments:

Operating segments	Nature of business activities
Commercial factoring business	Commercial factoring business in PRC
Other financing services	Finance lease business, financial information service and consultation service in PRC
Game development and publishing business	Provision of online advertising services and top-up services
Social networking business	Provision of online data processing, transaction processing and value-added telecommunications services

5 OPERATING SEGMENT INFORMATION (continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that certain bank interest income, certain finance costs, exchange losses as well as items not specifically attributed to an individual reportable segment, such as unallocated corporate expenses, are excluded from such measurement.

Segment assets include all current and non-current assets with the exception of corporate assets which are not allocated to an individual reportable segment. Segment liabilities include all current and non-current liabilities with the exception of corporate liabilities which are unallocated to an individual reportable segment.

	Year ended 31 December 2024						
	Commercial factoring business RMB'000	Other financing services RMB'000	Game development and publishing business RMB'000	Social networking business RMB'000	Segments total RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue:							
Revenue from external customers	80,371	33,331	139,850	10,548	264,100	–	264,100
Inter-segment revenue*	–	–	–	19,811	19,811	(19,811)	–
	80,371	33,331	139,850	30,359	283,911	(19,811)	264,100
Segment results	66,173	13,351	11,731	14,615	105,870	–	105,870
Reconciliation:							
Exchange losses							(21,067)
Unallocated bank interest income							3,199
Other unallocated expenses							(20,232)
Profit before tax							67,770
Income tax expense							(9,264)
Profit for the year							58,506

* Inter-segment revenue is charged at amounts agreed by both parties.

5 OPERATING SEGMENT INFORMATION (continued)

	At 31 December 2024				
	Commercial factoring business RMB'000	Other financing services RMB'000	Game development and publishing business RMB'000	Social networking business RMB'000	Total RMB'000
Segment assets	1,311,314	25,199	753,532	86,637	2,176,682
Reconciliation:					
Unallocated corporate assets					430,809
Total assets					2,607,491
Segment liabilities	10,544	4,627	16,864	93,886	125,921
Reconciliation:					
Unallocated corporate liabilities					16,503
Total liabilities					142,424

	Year ended 31 December 2024					
	Commercial factoring business RMB'000	Other financing services RMB'000	Game development and publishing business RMB'000	Social networking business RMB'000	Unallocated items RMB'000	Total RMB'000
Other segment information:						
Bank interest income	1,393	484	189	1	3,199	5,266
Depreciation and amortisation	884	288	12,157	524	–	13,853
Provision for ECL on trade and loan receivables	2,886	–	580	–	–	3,466
Addition to non-current assets	–	–	688,341	69,735	–	758,076

5 OPERATING SEGMENT INFORMATION (continued)

	Year ended 31 December 2023		
	Commercial factoring business RMB'000	Other financing services RMB'000	Total RMB'000
Segment revenue:			
Revenue from external customers	75,810	6,214	82,024
Segment results	68,180	2,588	70,768
Reconciliation:			
Exchange losses			(11,447)
Unallocated bank interest income			5,911
Finance costs			(4,901)
Other unallocated expenses			(14,247)
Profit before tax			46,084
Income tax expense			(9,087)
Profit for the year			36,997

	At 31 December 2023		
	Commercial factoring business RMB'000	Other financing services RMB'000	Total RMB'000
Segment assets	1,053,487	188,572	1,242,059
Reconciliation:			
Unallocated corporate assets			460,147
Total assets			1,702,206
Segment liabilities	10,556	2,088	12,644
Reconciliation:			
Unallocated corporate liabilities			5,367
Total liabilities			18,011

5 OPERATING SEGMENT INFORMATION (continued)

	Year ended 31 December 2023			
	Commercial factoring business RMB'000	Other financing services RMB'000	Unallocated items RMB'000	Total RMB'000
Other segment information:				
Bank interest income	2,820	238	5,911	8,969
Depreciation and amortisation	876	290	–	1,166
Provision for ECL on trade and loan receivables	3,405	–	–	3,405

Geographical information

(a) Revenue from external customers

	2024 RMB'000	2023 RMB'000
PRC	**264,100**	82,024

The revenue information above is based on the location of the customers and operations.

(b) Non-current assets

	2024 RMB'000	2023 RMB'000
PRC	**753,797**	658

The non-current asset information above is based on the location of the assets and excludes deferred tax assets and financial assets.

5 OPERATING SEGMENT INFORMATION (continued)

Information about major customers

No customers individually contributed over 10% of the Group's total revenue for the year ended 31 December 2024. Revenue from customers contributing over 10% of the total revenue of the Group for the year ended 31 December 2023 are as follows:

	2024 **RMB'000**	2023 RMB'000
Company A (Note a)	**N/A**	10,541
Company B (Note a)	**N/A**	10,526
Company C (Note a)	**N/A**	9,979
Company D (Note a)	**N/A**	9,704
Company E (Notes a & b)	**N/A**	8,861

Notes:

(a) The revenue was derived from commercial factoring loan receivables.

(b) The revenue was derived from a related party of the Group.

6 REVENUE, OTHER INCOME AND LOSSES

An analysis of revenue, other income and other gains and losses is as follows:

	2024 RMB'000	2023 RMB'000
Revenue not within the scope of HKFRS 15		
Interest income from commercial factoring loan receivables	80,371	75,810
Revenue within the scope of HKFRS 15		
Advertising service income	26,538	–
Top-up service income	113,312	–
Subscription income	10,548	–
Financial information service income	33,331	6,214
	183,729	6,214
	264,100	82,024
Timing of revenue recognition within the scope of HKFRS 15		
A point in time	70,417	6,214
Over time	113,312	–
	183,729	6,214
Other income		
Bank interest income	5,266	8,969
Others	274	29
	5,540	8,998
Other losses		
Exchange losses	(21,067)	(11,447)
	(15,527)	(2,449)

7 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2024 RMB'000	2023 RMB'000
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	**20,519**	10,425
Retirement benefit scheme contributions	**1,585**	852
	22,104	11,277
Provision for ECL on loan receivables	**2,886**	3,405
Provision for ECL on trade receivables	**580**	–
	3,466	3,405
Auditor's remuneration	**1,380**	1,100
Depreciation of property, plant and equipment	**33**	–
Depreciation of right-of-use assets	**1,267**	1,166
Amortisation of intangible assets	**12,553**	–

8 FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest expenses on:		
Other loan	**1,110**	–
Bank borrowings	**–**	4,491
Bonds issued	**–**	358
Lease liabilities	**40**	52
	1,150	4,901

9 DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	**1,259**	1,305
Other emoluments:		
Salaries, allowances and benefits in kind	**720**	37
Retirement benefit scheme contributions	**–**	–
	720	37
	1,979	1,342

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 RMB'000	2023 RMB'000
Mr. Mak Yau Kee Adrian (Note i)	**264**	–
Professor Japhet Sebastian Law (Note ii)	**212**	–
Mr. Hung Ka Hai, Clement (Note iii)	**–**	274
Mr. Lee Puay Khng (Note iv)	**164**	288
Mr. Li Liangwen (Note v)	**56**	288
Ms. Wang Wanjun (Note vi)	**87**	288
Professor Huang Song (Note vii)	**204**	–
	987	1,138

9 DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2024				
Executive directors				
Mr. Zhou Yafei	109	–	–	109
Mr. Song Chenxi (Note viii)	–	720	–	720
Non-executive directors				
Ms. Wu Qian (Note ix)	48	–	–	48
Ms. Wei Ting (Note x)	115	–	–	115
	272	720	–	992

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2023				
Executive directors				
Mr. Zhou Yafei	108	–	–	108
Mr. Song Chenxi (Note viii)	–	37	–	37
Non-executive directors				
Ms. Wei Qiuli (Note xi)	53	–	–	53
Ms. Wei Ting (Note x)	6	–	–	6
	167	37	–	204

9 DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors (continued)

Notes:

(i) Mr. Mak Yau Kee Adrian was appointed as an independent non-executive director on 5 February 2024.

(ii) Professor Japhet Sebastian Law was appointed as an independent non-executive director on 10 April 2024.

(iii) Mr. Hung Ka Hai, Clement resigned as an independent non-executive director on 12 December 2023.

(iv) Mr. Lee Puay Khng resigned as an independent non-executive director on 24 July 2024.

(v) Mr. Li Liangwen resigned as an independent non-executive director on 11 March 2024.

(vi) Ms. Wang Wanjun resigned as an independent non-executive director on 18 April 2024.

(vii) Professor Huang Song was appointed as an independent non-executive director on 19 April 2024.

(viii) Mr. Song Chenxi was appointed as an executive director on 13 December 2023.

(ix) Ms. Wu Qian was appointed as a non-executive director on 25 July 2024.

(x) Ms. Wei Ting was appointed as a non-executive director on 13 December 2023.

(xi) Ms. Wei Qiuli retired as a non-executive director on 28 June 2023.

For the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

There was no arrangement under which the directors or the Chief Executive Officer waived or agreed to waive any remuneration during the both years.

10 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years included one (2023: none) director. Details of the remuneration for the year of the remaining 4 (2023: 5) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries, allowances and benefits in kind	**2,601**	2,699
Retirement benefit scheme contributions	**159**	276
	2,760	2,975

10 FIVE HIGHEST PAID EMPLOYEES (continued)

The number of the highest paid employees whose remuneration fell within the following band is as follows:

	2024	2023
Nil to HKD1,000,000	**4**	5

For the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the non-director highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office.

11 INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the years ended 31 December 2024 and 2023. PRC Enterprise Income Tax has been provided at the rate of 25% (2023: 25%) for the year ended 31 December 2024 on the estimated assessable profits arising in the PRC during the year.

	2024 **RMB'000**	2023 RMB'000
Current tax		
— PRC Enterprise Income Tax	**10,713**	8,939
(Over)/under-provision in prior years		
— PRC Enterprise Income Tax	**(728)**	990
	9,985	9,929
Deferred tax	**(721)**	(842)
Total tax expense for the year	**9,264**	9,087

11 INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit or loss before tax at the statutory rates for the country (or jurisdiction) in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	**67,770**	46,084
Tax at the statutory tax rates	**14,980**	10,501
Tax effect of income not taxable for tax purpose	**(10,443)**	(5,277)
Tax effect of expenses not deductible for tax purpose	**4,887**	2,850
Tax effect of tax losses not recognised	**1,320**	1,310
Utilisation of tax losses previously not recognised	**(752)**	(1,287)
(Over)/under-provision of PRC Enterprise Income Tax in prior years	**(728)**	990
Tax expense	**9,264**	9,087

12 DIVIDENDS

The directors did not recommend the payment of any dividend for the years ended 31 December 2024 and 2023.

13 EARNINGS PER SHARE

The calculations of basic earnings per share are based on:

	2024 RMB'000	2023 RMB'000
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**39,641**	36,997

	2024 '000	2023 '000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**4,026,260**	2,701,123

Diluted earnings per share is not presented as the Company does not have any dilutive potential ordinary shares for the years ended 31 December 2024 and 2023.

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Furniture and fixtures RMB'000	Motor vehicle RMB'000	Total RMB'000
Cost:				
At 1 January 2023	1,917	652	737	3,306
Disposals	(861)	(23)	–	(884)
Exchange difference	–	–	10	10
At 31 December 2023 and 1 January 2024	1,056	629	747	2,432
Acquired on acquisition of subsidiaries (note 29 (ii))	–	375	–	375
Additions	–	947	–	947
Disposals	–	(5)	–	(5)
Exchange difference	–	–	16	16
At 31 December 2024	**1,056**	**1,946**	**763**	**3,765**
Accumulated depreciation:				
At 1 January 2023	1,917	621	737	3,275
Eliminated on disposals	(861)	(23)	–	(884)
Exchange difference	–	–	10	10
At 31 December 2023 and 1 January 2024	1,056	598	747	2,401
Charge for the year	–	33	–	33
Eliminated on disposals	–	(5)	–	(5)
Exchange difference	–	–	16	16
At 31 December 2024	**1,056**	**626**	**763**	**2,445**
Net carrying value:				
At 31 December 2024	**–**	**1,320**	**–**	**1,320**
At 31 December 2023	–	31	–	31

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	33.3%
Furniture and fixtures	20% to 33.3%
Motor vehicles	20%

15 LEASES

The Group as a lessee

(a) Right-of-use assets

	Office premises RMB'000
At 1 January 2023	1,803
Modification of lease terms	(10)
Depreciation charge for the year	(1,166)
At 31 December 2023 and 1 January 2024	627
Modification of lease terms	2,384
Acquired on acquisition of subsidiaries (note 29 (ii))	295
Depreciation charge for the year	(1,267)
At 31 December 2024	**2,039**

(b) Lease liabilities

The carrying amount of lease liabilities during the year are as follows:

	Office premises	
	2024 RMB'000	2023 RMB'000
Lease liabilities payables:		
Within one year	**1,338**	567
Within a period of more than one year but not exceeding two years	**512**	–
	1,850	567
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,338)**	(567)
Amount due for settlement after 12 months shown under non-current liabilities	**512**	–

15 LEASES (continued)

The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Office premises	
	2024	2023
	RMB'000	RMB'000
Interest on lease liabilities	**40**	52
Depreciation charge of right-of-use assets	**1,267**	1,166
Expense relating to short-term leases	**1,733**	1,633
Total amount recognised in profit or loss	**3,040**	2,851

(d) The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024	2023
	RMB'000	RMB'000
Within operating activities	**1,733**	1,633
Within financing activities	**1,497**	1,255
Total cash flow for leases	**3,230**	2,888

16 GOODWILL

	RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	–
Arising on CashBox Acquisition (note 29 (i))	450,850
Arising on Beijing Liheng Acquisition (note 29 (ii))	8,536
Exchange adjustment	4,357
At 31 December 2024	463,743

16 GOODWILL (continued)

Goodwill has been allocated for impairment testing purpose to the following CGUs.

— Game development and publishing business

— Social networking business

The carrying amounts of goodwill as at 31 December 2024 allocated to these CGUs are as below:

	2024 RMB'000
Game development and publishing business	455,207
Social networking business	8,536
	463,743

Game development and publishing business

The recoverable amount of the game development and publishing business CGU is determined based on the value in use calculations from a business valuation report on the game development and publishing business CGU prepared by an independent qualified professional valuer, Masterpiece Valuation Advisory Limited. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period with a pre-tax discount rate of 10.4% and, terminal growth rate of 2%. A key assumption for the value in use calculation is the budgeted growth rate, which is determined based on past performance and management's expectations for the market development.

During the year ended 31 December 2024, since the recoverable amount of game development and publishing business CGU was larger than its carrying amount (including carrying amounts of intangible assets of RMB227,387,000), the directors of the Company considered that no impairment of goodwill allocated to game development and publishing business CGU was recognised.

Social networking business

The recoverable amount of the social networking business CGU is determined based on the value in use calculations from a business valuation report on the social networking business CGU prepared by an independent qualified professional valuer, Masterpiece Valuation Advisory Limited. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period with a pre-tax discount rate of 18.9% and, terminal growth rate of 2%. A key assumption for the value in use calculation is the budgeted growth rate, which is determined based on past performance and management's expectations for the market development.

During the year ended 31 December 2024, since the recoverable amount of social networking business CGU was larger than its carrying amount (including carrying amounts of property, plant and equipment and intangible assets of RMB1,290,000 and RMB59,308,000 respectively), the directors of the Company considered that no impairment of goodwill allocated to social networking business CGU was recognised.

17 INTANGIBLE ASSETS

	Development costs RMB'000 (Note a)	Integrated game developing system RMB'000 (Note a)	Mobile games RMB'000 (Note a)	Trademark RMB'000 (Note b)	Total RMB'000
Cost:					
At 1 January 2023, 31 December 2023 and 1 January 2024	–	–	–	–	–
Acquired on acquisition of subsidiaries (note 29)	38,364	125,037	19,743	79,252	262,396
Additions	21,218	3,295	10,164	–	34,677
Exchange adjustment	–	1,241	293	766	2,300
At 31 December 2024	59,582	129,573	30,200	80,018	299,373
Amortisation:					
At 1 January 2023, 31 December 2023 and 1 January 2024	–	–	–	–	–
Charge for the year	274	2,002	10,277	–	12,553
Exchange adjustment	–	21	104	–	125
At 31 December 2024	274	2,023	10,381	–	12,678
Net carrying value:					
At 31 December 2024	59,308	127,550	19,819	80,018	286,695
At 31 December 2023	–	–	–	–	–

The above intangible assets other than trademark have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Development costs	10 years
Integrated game developing system	5 years
Mobile games	3 years

17 INTANGIBLE ASSETS (continued)

Notes:

(a) Development costs, integrated game development system and mobile games were purchased as part of a business combination during the year and are subsequently generated internally.

(b) Trademark was purchased as part of a business combination during the year. It has no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group. As a result, the trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the year ended 31 December 2024, the directors of the Company considered that the recoverable amount of the intangible assets were higher than their carrying amount, no impairment was recognised.

18 TRADE AND LOAN RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade and loan receivables		
Commercial factoring loan receivables (Note a)	**1,281,656**	1,054,831
Trade receivables (Note b)	**59,309**	130
	1,340,965	1,054,961
Provision for ECL	**(14,944)**	(11,473)
	1,326,021	1,043,488

Notes:

(a) For commercial factoring loan receivables arising from the Group's commercial factoring business, customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan periods range from 90 to 360 days (2023: 90 to 360 days). The effective interest rates of the commercial factoring loans range from 6% to 8% (2023: 7.5% to 12%) per annum as at 31 December 2024.

As at 31 December 2024, the commercial factoring loan receivables with aggregate carrying amounts of RMB1,267,297,000 (2023: RMB1,043,358,000) were collateralised by the customers' accounts receivables with aggregate fair values of approximately RMB1,321,681,000 (2023: RMB1,123,474,000).

An ageing analysis of commercial factoring loan receivables as at the end of the reporting period, based on maturity dates set out in the relevant contracts, is as follows:

	2024 RMB'000	2023 RMB'000
Not yet matured	**1,281,656**	1,054,831
Provision for ECL	**(14,359)**	(11,473)
	1,267,297	1,043,358

None of the Group's loan receivables were past due for both years.

18 TRADE AND LOAN RECEIVABLES (continued)

Notes: (continued)

(b) For trade receivables arising from the other financing services and game development and publishing business, customers are obliged to settle the amounts according to the terms set out in the relevant contracts. Trade receivables are due within 7 to 90 days from the invoice date.

	2024 RMB'000	2023 RMB'000
0 to 30 days	57,449	–
31 to 60 days	1,278	–
61 to 90 days	386	–
Over 90 days	196	130
	59,309	130
Provision of ECL	(585)	–
	58,724	130

The tables below detail the credit risk exposures of the Group's trade and loan receivables:

	Internal credit rating	12m or lifetime ECL	2024 Gross balance RMB'000	2024 Provision for ECL RMB'000	2023 Gross balance RMB'000	2023 Provision for ECL RMB'000
Commercial factoring loan receivables	Normal	12m ECL	1,281,656	14,359	1,054,831	11,473
Trade receivables	Normal	Lifetime ECL (not credit-impaired)	59,309	585	130	–
			1,340,965	14,944	1,054,961	11,473

18 TRADE AND LOAN RECEIVABLES (continued)

The movements in provision for ECL of commercial factoring loan receivables are as follows:

	Stage 1 (12-month ECL) RMB'000
At 1 January 2023	8,068
Charge for the year	11,473
Release for the year	(8,068)
At 31 December 2023 and 1 January 2024	11,473
Charge for the year	14,359
Release for the year	(11,473)
At 31 December 2024	14,359

The movements in provision for ECL of trade receivables are as follows:

	Lifetime ECL (not credit-impaired) RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	–
Charge for the year	580
Exchange adjustment	5
At 31 December 2024	585

As at 31 December 2024, none of the Group's trade and loan receivables is credit-impaired (2023: nil).

The Group is not permitted to sell or re-pledge the collateral in the absence of default by the customers.

As at 31 December 2024, the Group has a concentration of credit risk on loan and trade receivables from the Group's largest customer amounting to RMB195,582,000 (2023: RMB164,586,000), representing approximately 15% (2023: 16%) of the total loan and trade receivables. As at 31 December 2024, loan and trade receivables from the five largest customers amounting to RMB916,480,000 (2023: RMB769,552,000), representing approximately 68% (2023: 73%) of the total loan and trade receivables.

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayment for acquisition of TJGCMT (Note i)	**576,000**	576,000
Deposits	**537**	203
Other prepayments	**11,424**	762
Other receivables (Note ii)	**13,631**	1,837
	601,592	578,802
Impairment loss on prepayment for acquisition of TJGCMT	**(208,000)**	(208,000)
	393,592	370,802
Carrying amounts analysed for reporting purpose:		
Current assets	**25,592**	2,802
Non-current assets	**368,000**	368,000
	393,592	370,802

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes:

(i) As disclosed in the Company's circular dated 29 June 2017, the Group entered into a loan agreement on 7 June 2017 with Beijing Bosheng Huifeng Business Consulting Co., Limited (the "OPCO"), a company established in the PRC of which 90% equity interest is owned by Ms. Du, the controlling shareholder of the Company, to provide a non-interest-bearing loan of RMB720 million to OPCO solely for the Group's purpose of acquiring the entire equity interest of Tianjin Guanchuang Mei Tong Electronic Commerce Limited ("TJGCMT") from independent third parties, namely Tibet Yang Guan LLP and Mr. Mao Deyi (together the "Sellers"). On 25 July 2017, OPCO and the Sellers entered into an equity share transfer agreement (the "Transfer Agreement") pursuant to which OPCO agreed to buy and the Sellers agreed to sell the entire equity interest of TJGCMT. RMB576 million was paid by the Company to OPCO according to the aforesaid agreements and was recorded as prepayment under current assets since 2018 and was then reclassified as non-current assets since 2019.

According to the Transfer Agreement, the Transaction will only be considered as complete upon the change of actual controller of TJGCMT and such approval process is still under the review of the People's Bank of China ("PBOC") or its affiliated institutions and the change of actual controller of TJGCMT has not been completed as at 31 December 2024 and up to the date of this annual report.

Taking into account the uncertainty about the estimated time it will take for PBOC to complete the approval process and the change of actual controller of TJGCMT, and also the overall macro environment in the PRC, on 25 March 2024, a personal guarantee (the "Guarantee") was offered by Mr. Wong, spouse of Ms. Du, to guarantee the recoverability of the prepayment of RMB576 million. Pursuant to the Guarantee, Mr. Wong undertakes to request full refund either from the Sellers or through disposal of entire equity interest of TJGCMT ("Disposal Action"). If the Company decides to terminate the Transaction and cannot receive the proceeds resulting from the Disposal Action on or before 31 December 2025, Mr. Wong will make good any shortfall with his personal assets to the Group on or before 31 December 2026.

Given the abovementioned facts and circumstances and with the information currently available to the Group, the directors of the Company has decided to give some more time to wait for the Transaction to be completed. The directors of the Company has also performed an impairment assessment in respect of the recoverability of the Group's prepayment of RMB576 million to the OPCO. The impairment assessment performed by the management of the Group was based on a scenario analysis described below.

The recoverable amount of the prepayment for the year ended 31 December 2024 and 31 December 2023 has been determined based on (i) the valuation performed by an independent valuer on TJGCMT as at 31 December 2024 and 31 December 2023; and (ii) the market value of the personal assets of Mr. Wong as at 31 December 2024 and 31 December 2023.

For the year ended 31 December 2024 and 31 December 2023, as the recoverable amount of the prepayment is higher than its carrying amount, the directors of the Company considered that no impairment of prepayment would be recognised in profit or loss.

(ii) Among other receivables, RMB9,260,000 (2023: nil) is the amount due from a related company, in which Mr. Wong is the ultimate beneficial owner. The amount is unsecured, interest-free and has no fixed terms of repayment.

20 CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	130,485	284,383

The Group's cash and bank balances denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2024 RMB'000	2023 RMB'000
United States dollars ("USD")	47,054	75,875

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Cash at banks earns interest at floating rates approximately 5.3% (2023: 5.3%) per annum. The cash and bank balances are deposited with creditworthy banks with no recent history of default.

21 TRADE PAYABLES

The following is an ageing analysis of trade payables based on the invoice date:

	2024 RMB'000	2023 RMB'000
0 to 30 days	23,484	–
Over 90 days	68	50
	23,552	50

The trade payables are non-interest-bearing and the Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The average credit period is 60 days.

22 OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Accruals (Note a)	3,844	4,444
Receipts in advance	–	531
Other payables (Notes a & b)	29,768	802
	33,612	5,777

Notes:

(a) Accruals and other payables are non-interest-bearing and have an average term of three months.

(b) Among other payables, RMB9,716,000 (2023: nil) is the amounts due to related companies, in which Mr. Wong is the ultimate beneficial owner. The amounts are unsecured, interest-free and have no fixed terms of repayment.

23 CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Subscription income	9,712	–
Financial information service income	442	–
	10,154	–

Contract liabilities represent proceeds received from customers in advance in connection with subscription income and financial information service income. The amounts are expected to be settled within the Group's normal operating cycle.

24 BORROWINGS

	2024 RMB'000	2023 RMB'000
Other loan — unsecured	58,954	–

The balance represents a loan from an independent third party of principal amount of RMB55,128,000 (2023: Nil), bearing a finance cost measured at 6% per annum (2023: Nil), and will be repayable in 2027 and is not secured by any assets or guarantees from the Group.

25 DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 **RMB'000**	2023 RMB'000
Deferred tax assets	**3,596**	2,875
Deferred tax liabilities	**(1,371)**	–
	2,225	2,875

Deferred tax assets/(liabilities)

	Provision of ECL on trade and loan receivables RMB'000	**Lease liabilities** RMB'000	**Fair value adjustments** RMB'000	**Total** RMB'000
At 1 January 2023	2,018	15	–	2,033
Credited/(charged) to profit or loss (note 11)	850	(8)	–	842
At 31 December 2023 and 1 January 2024	2,868	7	–	2,875
Acquisition of subsidiaries (note 29)	–	–	(1,371)	(1,371)
Credited to profit or loss (note 11)	721	–	–	721
At 31 December 2024	3,589	7	(1,371)	2,225

Deferred tax assets have not been recognised in respect of the following items:

	2024 **RMB'000**	2023 RMB'000
Tax losses	**120,813**	115,405

As at 31 December 2024, the Group had tax losses arising from the operation in Hong Kong of approximately RMB110,179,000 (2023: RMB102,177,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose and are subject to approval of the Inland Revenue Department in Hong Kong.

As at 31 December 2024, the Group also had tax losses arising from the operation in the PRC of approximately RMB10,634,000 (2023: RMB13,228,000) that will expire in one to five years for offsetting against future taxable profits.

26 SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares		
Authorised		
At 1 January 2023, 31 December 2023 and 1 January 2024 (HK$0.1 each)	6,000,000	600,000
Share Subdivision *(Note (a)(ii))*	54,000,000	–
At 31 December 2024 (HK$0.01 each)	60,000,000	600,000

	Number of shares '000	Amount RMB'000
Issued and fully paid		
At 1 January 2023, 31 December 2023 and 1 January 2024 (HK$0.1 each)	2,701,123	230,159
Capital Reduction *(Note (a)(i))*	–	(207,143)
Issuance of shares on acquisition of subsidiaries *(Note (b))*	2,500,000	22,808
At 31 December 2024 (HK$0.01 each)	5,201,123	45,824

Notes:

(a) The Company completed a capital reorganisation by way of capital reduction and share subdivision (the "Capital Reorganisation") which became effective on 21 June 2024. The Capital Reorganisation involved the following:

(i) the reduction of issued share capital of the Company whereby the par value of each issued share of the Company ("Share(s)") reduced from HK$0.1 to HK$0.01 by cancelling HK$0.09 of the paid-up capital on each issued Share (the "Capital Reduction");

(ii) immediately following the Capital Reduction, the subdivision of each unissued Share of HK$0.1 in the authorised share capital of the Company into 10 Shares of HK$0.01 each (the "Share Subdivision") so that immediately following the Capital Reduction and the Share Subdivision, the authorised share capital of the Company became HK$600,000,000 divided into 60,000,000,000 Shares of HK$0.01 each; and

(iii) the reduction of the entire amount resulted to the credit of the contributed surplus account of the Company.

(b) Upon the completion of the Capital Reorganisation, the Company issued 2,500,000,000 ordinary shares at the closing price of HK$0.229 per Share at the completion date of the acquisition as detailed in note 29(i) (i.e. 21 June 2024), totalling HK$572,500,000 or equivalent to RMB522,303,000. The issuance of the Shares resulted to the credit of the share capital account and share premium account of RMB22,808,000 and RMB499,495,000 respectively.

27 RESERVES

The amounts of the Group's reserves and the movements therein for the current year and prior years are presented in the consolidated statement of changes in equity on page 138 of the consolidated financial statements.

Contributed surplus

The contributed surplus consist of (i) the difference between the nominal value of share capital of the subsidiaries acquired over the nominal value of the shares of the Company issued in exchange thereof pursuant to a group reorganisation in previous years and (ii) the amount resulting from the Capital Reduction (note 26).

Capital reserve

The capital reserve of the Group represent, the cash received in excess of the fair value of a promissory note issued to a shareholder by the Company in previous years.

Exchange reserve

The exchange reserve represents the exchange differences relating to the translation of the net assets of the Group's operations from their functional currencies to the Group's presentation currency in Renminbi. The exchange differences are recognised directly in other comprehensive income and accumulated in the exchange reserve.

28 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2024 and 31 December 2023.

29 ACQUISITION OF BUSINESS

(i) CashBox Acquisition

On 16 October 2023, the Company entered into a sale and purchase agreement with Mega Bright Capital Resources Limited ("Mega Bright"), which is wholly-owned by Mr. Wong, to acquire 100% equity interest in GOME FIIL at a consideration to be settled by issuing 2,185,286,341 new Shares to Mega Bright. GOME FIIL is an investment holding company and holds 51.15% equity interest in GOME FITL, and GOME FITL in turn holds 47.7% equity interest in CashBox.

On the same date, the Company entered into another sale and purchase agreement with Hong Kong Mingrun Business Co., Limited ("Mingrun Business") to acquire 3.3% equity interest in CashBox at a consideration to be settled by issuing 314,713,659 new Shares to Mingrun Business. CashBox is engaged in the provision of online advertising services and top-up services (together with the acquisition of equity interests in GOME FIIL disclosed above referred to as "CashBox Acquisition").

Upon completion of CashBox Acquisition on 21 June 2024 (the "Completion Date of CashBox Acquisition"), GOME FIIL, GOME FITL and CashBox became subsidiaries of the Company with effective shareholding of 100%, 51.15% and 27.70%, respectively (collectively referred to as "CashBox Business"). CashBox Acquisition has been accounted for as acquisition of business using the acquisition method.

29 ACQUISITION OF BUSINESS (continued)

(i) CashBox Acquisition (continued)

Consideration transferred

	RMB'000
Equity instruments issued	522,303

Among acquisition-related costs of approximately RMB5,362,000 in total, RMB3,242,000 (2023: RMB2,120,000) are expensed and are included in administrative expenses during the year ended 31 December 2024.

Assets and liabilities of CashBox Business recognised at the Completion Date of CashBox Acquisition

	RMB'000
Intangible assets	224,032
Trade receivables	57,817
Prepayments and other receivables	12,032
Cash and cash equivalents	7,338
Trade payables	(34,634)
	266,585

The receivables acquired (which principally comprised trade receivables) with a fair value of RMB69,849,000 at the Completion Date of CashBox Acquisition had gross contractual amount of RMB69,849,000.

Non-controlling interests

The non-controlling interests in CashBox Business recognised at the Completion Date of CashBox Acquisition was measured by reference to the proportionate share of recognised amounts of net assets of CashBox Business amounted to RMB195,132,000.

Goodwill arising on CashBox Acquisition

	RMB'000
Consideration transferred	522,303
Add: non-controlling interests	195,132
Less: recognised amounts of net identifiable assets	(266,585)
Goodwill arising on CashBox Acquisition	450,850

Goodwill arising on CashBox Acquisition is not expected to be deductible for tax purposes.

29 ACQUISITION OF BUSINESS (continued)

(i) CashBox Acquisition (continued)

Net cash inflow arising on CashBox Acquisition

	RMB'000
Cash and cash equivalents acquired	7,338

Impact of the CashBox Acquisition on the results of the Group

Included in the profit for the year is profit of RMB11,607,000 attributable to the additional business generated by CashBox Business. Revenue for the year includes RMB139,850,000 generated from CashBox Business.

Had CashBox Acquisition been completed on 1 January 2024, revenue for the year of the Group would have been RMB438,017,000, and the profit for the year would have been RMB91,483,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had CashBox Acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had CashBox Business been acquired at the beginning of the year, the directors of the Company calculated amortisation of intangible assets based on the recognised amounts of intangible assets at the date of CashBox Acquisition.

(ii) Beijing Liheng Acquisition

On 28 August 2024, a non-wholly owned subsidiary of the Company, Fuqin (Ningbo) Technology Co., Ltd.* ("Fuqin") and the PRC registered shareholders of Beijing Liheng who are the directors of the Company, entered into a sale and purchase agreement, to acquire 100% equity interest in Beijing Liheng at nil consideration ("Beijing Liheng Acquisition").

Upon completion of Beijing Liheng Acquisition on 28 August 2024 (the "Completion Date of Beijing Liheng Acquisition"), the Company, through Fortune Thought Limited ("Fortune Thought"), an indirectly non-wholly owned subsidiary of the Company, holds Beijing Liheng as an indirectly non-wholly owned subsidiary of the Company with effective shareholding of 26%. Beijing Liheng Acquisition has been accounted for as acquisition of business using the acquisition method.

* The English translation of Fuqin's name is for reference only. The official name of Fuqin is in Chinese.

29 ACQUISITION OF BUSINESS (continued)

(ii) Beijing Liheng Acquisition (continued)

Consideration transferred

	RMB'000
Consideration	–

Among acquisition-related costs of approximately RMB278,000 in total are expensed and are included in administrative expenses during the year.

Assets and liabilities of Beijing Liheng recognised at the Completion Date of Beijing Liheng Acquisition

	RMB'000
Property, plant and equipment	375
Right-of-use assets	295
Intangible assets	38,364
Prepayments and other receivables	2,469
Cash and cash equivalents	1,000
Trade and other payables	(18,702)
Contract liabilities	(255)
Borrowings	(55,128)
Deferred tax liabilities	(1,371)
Lease liabilities	(295)
	(33,248)

The receivables acquired with a fair value of RMB2,469,000 at the Completion Date of Beijing Liheng Acquisition had gross contractual amount of RMB2,469,000.

Non-controlling interests

The non-controlling interests in Beijing Liheng recognised at the Completion Date of Beijing Liheng Acquisition was measured by reference to the proportionate share of recognised amounts of net liabilities of Beijing Liheng amounted to RMB24,712,000.

29 ACQUISITION OF BUSINESS (continued)

(ii) Beijing Liheng Acquisition (continued)

Goodwill arising on Beijing Liheng Acquisition

	RMB'000
Consideration transferred	–
Add: non-controlling interests	(24,712)
Add: recognised amounts of net identifiable liabilities	33,248
Goodwill arising on Beijing Liheng Acquisition	8,536

Goodwill arising on Beijing Liheng Acquisition is not expected to be deductible for tax purposes.

Net cash inflow arising on Beijing Liheng Acquisition

	RMB'000
Cash and cash equivalents acquired	1,000

Impact of Beijing Liheng Acquisition on the results of the Group

Included in the profit for the year is profit of RMB14,476,000 attributable to the additional business generated by Beijing Liheng. Revenue for the year includes RMB10,548,000 generated from Beijing Liheng.

Had Beijing Liheng Acquisition been completed on 1 January 2024, revenue for the year of the Group would have been RMB264,100,000, and the profit for the year would have been RMB45,938,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had Beijing Liheng Acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Beijing Liheng been acquired at the beginning of the year, the directors of the Company calculated amortisation of intangible assets based on the recognised amounts of intangible assets at the date of the Acquisition.

30 NON-CONTROLLING INTERESTS

The following table lists out the information relating to the subsidiaries of the Group which has material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	CashBox	**Fortune Thought**
	RMB'000	RMB'000
NCI percentage	72.3%	74%
	At 31 December 2024	
	RMB'000	RMB'000
Current assets	70,815	17,752
Non-current assets	231,616	60,675
Current liabilities	(16,864)	(37,072)
Non-current liabilities	–	(60,470)
Net assets/(liabilities)	285,567	(19,115)
Carrying amount of NCI	206,465	(14,145)
	Year ended December 2024	
	RMB'000	RMB'000
Revenue	139,850	30,359
Profit for the year	11,479	14,280
Total comprehensive income	18,533	14,280
Profit allocated to NCI	8,299	10,567
Total comprehensive income allocated to NCI	13,399	10,567
Cash flows from operating activities	8,249	16,544
Cash flows used in investing activities	(13,562)	(22,217)
Cash flows used in financing activities	–	(146)

31 RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

	2024 RMB'000	2023 RMB'000
Transactions with related parties which are significantly influenced by the controlling shareholder of the Company:		
Interest income from commercial factoring loan receivables	**29,338**	26,840
Rental expense paid	**1,033**	1,033
Property management fee paid	**472**	472

The above transactions were conducted in accordance with the respective contractual terms.

(b) In addition to the balances detailed elsewhere in these consolidated financial statements, the Group had the following balances with related parties as at the end of the year:

	2024 RMB'000	2023 RMB'000
Balances with related parties which are significantly influenced by the controlling shareholder of the Company:		
Trade and loan receivables (secured by pledged account receivables, and interest bearing ranged 6% to 8% (2023: 7.5% to 12%) per annum)	**364,196**	358,254
Prepayments, deposits and other receivables	**367**	188
Other receivables due from the controlling shareholder of the Company	**900**	900

31 RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Salaries, other allowances and benefits in kind	1,979	1,443
Retirement benefit scheme contributions	–	–
	1,979	1,443

32 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts and fair values of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets:		
At amortised cost		
Trade and loan receivables	1,326,021	1,043,488
Prepayments, deposits and other receivables	382,168	370,040
Cash and cash equivalents	130,485	284,383
	1,838,674	1,697,911
Financial liabilities:		
At amortised cost		
Trade payables	23,552	50
Other payables and accruals	33,612	5,246
Borrowings	58,954	–
Lease liabilities	1,850	567
	117,968	5,863

33 FAIR VALUE MEASUREMENT

Management has assessed that the fair values of cash and cash equivalents, trade and loan receivables, prepayments, deposits and other receivables, trade payables and other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by the chief financial officer and risk management department headed by the risk management director are responsible for determining the policies and procedures for the fair value measurement of financial instruments. The chief financial officer reports directly to the audit committee. At each reporting date, the finance department and risk management department analyse the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank borrowings. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has various other financial assets and liabilities such as cash and bank balances, trade and loan receivables, trade payables, other payables and accruals and bonds issued, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk in relation to fixed-rate commercial loan receivables, fixed-rate long-term borrowings and lease liabilities. On the other hands, the Group also exposed to variable interest rate risk in relation to variable-rate from cash at bank.

Financial instruments with variable interest rates expose the Group to cash flow interest rate risk. The Group is exposed to fair value interest rate risk in relation to financial instruments with fixed interest rates.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

The Group aims at keeping borrowings at fixed rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The Group does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

(i) Interest rate profile

The following table details the interest rate profit of the Group's assets and liabilities at the end of the reporting period:

	At 31 December 2024	
	2024	2023
	RMB'000	RMB'000
Fixed interest rate		
Financial assets		
Loan receivable	**1,267,297**	1,043,358
Financial liabilities		
Borrowings	**(58,954)**	–
Lease liabilities	**(1,850)**	(567)
	(60,804)	(567)
Net fixed-rate financial instruments	**1,206,493**	1,042,791
Variable interest rate		
Financial assets		
Cash at bank	**130,485**	284,383
Net variable-rate financial instruments	**130,485**	284,383

(ii) Sensitivity analysis

Cash at banks is excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The subsidiaries of the Company have certain bank balances, trade receivables and trade payables denominated in currency (i.e. USD) other than their functional currencies (i.e. HKD), which expose the Group to foreign currency risk. The Group has not used any financial instruments to hedge against currency risk. The directors of the Company consider that, as HKD is pegged to USD, the Group is not subject to significant foreign currency risk from change in foreign exchange of HKD against USD and vice versa. No sensitivity analysis on foreign currency risk is presented as the directors of the Company consider the exposure to foreign currency risk is insignificant.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The Group reviews the recoverable amount of each individually significant trade and loan receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group also requests the customers of commercial factoring business to provide collateral as appropriate. In the event of default or failure to repay any outstanding amounts by the customers, the Group will proceed with the sale of collateral.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and loan receivables are included in note 18.

The credit risk of the Group's other financial assets, which comprise bank balances and prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The directors of the Company consider the probability of default for bank balances is negligible as the Group only transacts with high-credit-rating banks or financial institutions.

The Group has a significant amount of prepayment made in connection with a proposed acquisition of TJGCMT (note 19). The Group is making effort to complete the acquisition in 2025. The Group is entitled to receive a full refund of the prepayment if the proposed acquisition cannot be completed.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Credit risk measurement

The Group shall measure ECL of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

When measuring ECL, an entity need not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

The Group conducted an assessment of ECL according to forward-looking information and used complex models and assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and debtors creditworthiness (e.g., the likelihood of default by debtors and the corresponding losses). The Group adopts judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as:

- Parameters of ECL measurement
- Forward-looking information
- Criteria for identifying whether there has been a significant increases in credit risk
- Modification of contractual cash flows

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Credit risk measurement (continued)

Parameters of ECL measurement

The Group measures the impairment loss for different assets with ECL of 12 months or the entire lifetime, as appropriate. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). Based on the requirements of HKFRS 9, the Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collateral, repayments) and forward-looking information in order to establish the model of PD, LGD and EAD.

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the internal and external ratings, taking into account the forward-looking information and deducting the prudential adjustment to reflect the debtor's point-in-time (PIT) PD under the current macroeconomic environment.

- LGD refers to the Group's estimation of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Depending on the type of counterparty, the difference of credit products, and the type of collateral, the LGD varies.

- EAD represents the estimated exposure in the event of a default in the next 12 months or throughout the entire remaining lifetime. The Group derives EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract. The EAD of a financial asset is its gross carrying amount at the time of default.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Credit risk measurement (continued)

Forward-looking information

The assessment of PD and therefore the calculation of ECL involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types.

The impact of these economic indicators on the PD varies according to different types of business. The Group combined statistic model and experts' judgement in this process, according to the result of model and experts' judgement, the Group predicts these economic indicators on an annually basis and determines the impact of these economic indicators on the PD by conducting regression analysis.

In addition to providing a baseline economic scenario, the Group combines the statistic model with experts' judgement to determine the weight of other possible scenarios. The Group measures the weighted average ECL of 12 months (Stage 1) or lifetime (Stage 2 and Stage 3) and lifetime (not credit-impaired) or lifetime (credit-impaired). The weighted average credit loss above is calculated by multiplying the ECL for each scenario by the weight of the corresponding scenario.

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each reporting date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group and external credit risk rating. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the reporting date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when the financial instrument has been downgraded within the five-tier classification or the debtor's contractual payments (including principal and interest) are past due for certain days.

Liquidity risk

The Group's objective is to ensure adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds either through the financial markets or from the realisation of its assets if required.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's available cash.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

At 31 December 2024

	On demand or less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities					
Other payables and accruals	33,612	–	–	33,612	33,612
Trade payables	23,552	–	–	23,552	23,552
Borrowings	–	–	67,894	67,894	58,954
Lease liabilities	367	1,103	563	2,033	1,850
	57,531	1,103	68,457	127,091	117,968

At 31 December 2023

	On demand or less than 3 months RMB'000	3 to 12 months RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities				
Other payables and accruals	5,246	–	5,246	5,246
Trade payables	50	–	50	50
Lease liabilities	314	258	572	567
	5,610	258	5,868	5,863

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital on the basis of the debt-to-equity ratio, which is calculated as total debt divided by equity attributable to the owners of the Company. Total debt includes trade payables, other payables and accruals, borrowings, bonds issued and lease liabilities.

The debt-to-equity ratios as at the end of the reporting periods were as follows:

	2024 **RMB'000**	2023 RMB'000
Total debt	**117,968**	5,863
Equity attributable to owners of the Company	**2,270,802**	1,684,194
Debt-to-equity ratio	**5.19%**	0.35%

35 CASH FLOW INFORMATION

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Lease liabilities RMB'000	Borrowings and interest payable RMB'000	Bonds issued RMB'000	Total RMB'000
At 1 January 2023	1,780	367,851	17,789	387,420
Changes from financing cash flows:				
Repayment of bank borrowings	–	(367,500)	–	(367,500)
Repayment of principal portion of lease liabilities	(1,203)	–	–	(1,203)
Interest and other finance charges paid	(52)	(4,842)	(358)	(5,252)
Bonds redeemed	–	–	(17,789)	(17,789)
Total changes from financing cash flows	(1,255)	(372,342)	(18,147)	(391,744)
Other changes:				
Modification of lease terms	(10)	–	–	(10)
Interest expenses recognised	52	4,491	358	4,901
Total other changes	42	4,491	358	4,891
At 31 December 2023 and 1 January 2024	567	–	–	567
Changes from financing cash flows:				
Repayment of principal portion of lease liabilities	(1,457)	–	–	(1,457)
Interest and other finance charges paid	(40)	–	–	(40)
Total changes from financing cash flows	(1,497)	–	–	(1,497)
Other changes:				
Modification of lease terms	2,445	–	–	2,445
Acquired on acquisition of subsidiaries	295	57,844	–	58,139
Interest expenses recognised	40	1,110	–	1,150
Total other changes	2,780	58,954	–	61,734
At 31 December 2024	1,850	58,954	–	60,804

36 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
Non-current assets		
Investments in subsidiaries	**538,827**	16,568
Amounts due from subsidiaries	**1,504,677**	1,431,673
Total non-current assets	**2,043,504**	1,448,241
Current assets		
Prepayments, deposits and other receivables	**1,751**	1,334
Cash and cash equivalents	**46,143**	88,840
Total current assets	**47,894**	90,174
Current liabilities		
Other payables and accruals	**3,397**	2,218
Total current liabilities	**3,397**	2,218
Net current assets	**44,497**	87,956
Total assets less current liabilities	**2,088,001**	1,536,197
Net assets	**2,088,001**	1,536,197
Equity		
Share capital	**45,824**	230,159
Reserves	**2,042,177**	1,306,038
Total equity	**2,088,001**	1,536,197

36 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Contributed surplus RMB'000	Capital reserves RMB'000	Exchange reserves RMB'000	Accumulated losses RMB'000	Total reserves RMB'000
At 1 January 2023	1,944,601	520,838	87,072	32,219	(1,305,806)	1,278,924
Profit for the year	–	–	–	–	5,328	5,328
Exchange differences on translation from functional currency to presentation currency	–	–	–	21,786	–	21,786
At 31 December 2023 and 1 January 2024	1,944,601	520,838	87,072	54,005	(1,300,478)	1,306,038
Loss for the year	–	–	–	–	(3,635)	(3,635)
Exchange differences on translation from functional currency to presentation currency	–	–	–	33,136	–	33,136
Total comprehensive income	–	–	–	33,136	(3,635)	29,501
Capital reorganisation (note 26)	–	207,143	–	–	–	207,143
Issuance of share on acquisition of subsidiaries (note 26)	499,495	–	–	–	–	499,495
At 31 December 2024	2,444,096	727,981	87,072	87,141	(1,304,113)	2,042,177

37 EVENT AFTER THE REPORTING PERIOD

On 18 March 2025, 北京恒美卓盛科技有限公司 (Beijing Hengmei Zhuosheng Technology Co., Ltd.*) ("Beijing Hengmei"), a non-wholly owned subsidiary of the Company, entered into certain agreements ("Beijing Hengmei VIE Contracts") with 北京熠珩企業管理有限公司 (Beijing Yiheng Enterprise Management Co., Ltd.*) ("Beijing Yiheng") and Beijing Yiheng's registered shareholders, namely Mr. Zhou and Mr. Song, both being executive directors of the Company. Pursuant to Beijing Hengmei VIE Contracts, Beijing Hengmei will have effective control over the finance and operation of Beijing Yiheng. Upon entering into Beijing Hengmei VIE Contracts, the financial results of Beijing Yiheng and its subsidiaries will be consolidated into the results of the Group as if Beijing Yiheng is a subsidiary of the Company. The Company is still in the progress of preparing the initial accounting for the business combination up to the date of this annual report. Details of the above contractual arrangements are set out in the Company's announcement dated 18 March 2025.

On 18 March 2025, 北京崇達智行科技有限公司 (Beijing Chongda Zhixing Technology Co., Ltd.*) ("Beijing Chongda Zhixing"), a non-wholly owned subsidiary of the Company, entered into certain agreements ("Beijing Chongda Zhixing VIE Contracts") with 北京嘉域企業管理有限公司 (Beijing Jiayu Enterprise Management Co., Ltd.*) ("Beijing Jiayu"), a company owned as to 50% by Beijing Chongda Zhixing, and Beijing Jiayu's registered shareholder, namely Mr. Song, being executive directors of the Company. Pursuant to Beijing Chongda Zhixing VIE Contracts, Beijing Chongda Zhixing will have effective control over the finance and operation of Beijing Jiayu. Upon entering into Beijing Chongda Zhixing VIE Contracts, the financial results of Beijing Jiayu and its subsidiaries will be consolidated into the results of the Group as if Beijing Jiayu is a subsidiary of the Company. The Company is still in the progress of preparing the initial accounting for the business combination up to the date of this annual report. Details of the above contractual arrangements are set out in the Company's announcement dated 18 March 2025.

* The English translation of the company's name is for reference only. The official name of the company is in Chinese.

FIVE YEAR FINANCIAL SUMMARY

The consolidated results, and assets and liabilities of the Group for the last five financial years are summarised below.

Results

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2022 RMB'000	Year ended 31 December 2021 RMB'000	Year ended 31 December 2020 RMB'000
Revenue	**264,100**	82,024	80,219	77,401	86,664
Profit/(loss) for the year	**58,506**	36,997	(5,638)	(127,983)	14,316

Assets and liabilities

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Total assets	**2,607,491**	1,702,206	2,035,958	2,443,148	2,568,284
Total liabilities	**(142,424)**	(18,011)	(403,644)	(891,101)	(867,094)
Total equity	**2,465,067**	1,684,195	1,632,314	1,552,047	1,701,190