



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

(Incorporated in Bermuda with limited liability)
(Stock Code: 628)



ANNUAL REPORT
2025

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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

Independent Non-executive Directors

Mr. Mak Yau Kee Adrian
Professor Japhet Sebastian Law
Professor Huang Song

COMPANY SECRETARY

Mr. Chor Ngai

AUDIT COMMITTEE

Mr. Mak Yau Kee Adrian (*Chairman*)
Professor Japhet Sebastian Law
Professor Huang Song
Ms. Wu Qian (*appointed to be a member on 30 June 2025*)
Ms. Wei Ting (*ceased to be a member on 30 June 2025*)

REMUNERATION COMMITTEE

Professor Japhet Sebastian Law (*Chairman*)
Ms. Wei Ting
Professor Huang Song

NOMINATION COMMITTEE

Mr. Mak Yau Kee Adrian (*Chairman*)
Professor Huang Song
Ms. Wei Ting (*appointed to be a member on 30 June 2025*)
Mr. Zhou Yafei (*ceased to be a member on 30 June 2025*)

STRATEGY COMMITTEE

Mr. Zhou Yafei (*Chairman*)
Mr. Song Chenxi
Professor Japhet Sebastian Law
Ms. Wu Qian

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.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

STOCK CODE

628

INVESTOR RELATIONS

Website: www.00628hk.com
Email: 00628ir@gome.com.cn

CHAIRMAN'S STATEMENT

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 2025.

In 2025, the global macroeconomic environment remained complex and volatile. Geopolitical tensions continued to disrupt global supply chains and trade patterns, while the marginal impact of tight monetary policies maintained by major developed economies to curb inflation became evident and economic growth momentum slowed. Against this backdrop, the digital technology revolution has emerged as the core engine driving global economic development. Cutting-edge technologies such as artificial intelligence (“**AI**”) and blockchain are penetrating various industries with unprecedented depth and breadth, becoming the central forces propelling the transformation and resilience of global economic structure.

Focusing on the Chinese market, 2025 marked the concluding year of the “14th Five-Year Plan”, during which China’s economy advanced under pressure on the path of high-quality development towards innovation and excellence, with continuous improvements in development quality and efficiency. According to the National Bureau of Statistics, China’s gross domestic product (GDP) reached RMB140,187.9 billion in 2025, representing a year-on-year growth of 5.0%. Significant achievements were made in pursuing high-quality development. On the policy front, the country continued to advance the development of “Digital China” and the reform of market-oriented allocation of data elements, rolling out a series of action plans and supporting policies, to promote the deep integration of digital technologies with the real economy and accelerate the development of new quality productivity forces. The regulatory framework in the financial sector has been further refined, with a focus on serving the real economy by ensuring precise support of financial resources for technological innovation, green and low-carbon initiatives, inclusive finance, and supply chain resilience enhancement, laying a solid foundation for high-quality industry development.

In this context, the Group remained closely aligned with national policy orientations, steadfastly implemented and deepened its core strategy of “technology-driven + ecosystem collaboration”, and clarified and improved the layout of three core business segments: digital Internet platforms, digital content ecosystem, and financial technology services. Through strategic acquisitions and endogenous growth, the Group has successfully established a substantive presence in the Internet social and digital content sectors, and initially built a diversified and synergistic ecosystem, leveraging its underlying financial technology capabilities. At the same time, the Group continued to advance the digital transformation of all business operations and promoted traffic conversion and synergistic empowerment across various business segments. This further strengthened its comprehensive “social + commerce” Internet ecosystem and enhanced service efficiency and quality through technological empowerment, supporting the high-quality development of the real economy to create greater value for our shareholders and customers.

CHAIRMAN'S STATEMENT

In 2025, to expand its business landscape and implement its strategic upgrade plan, the Group completed several strategic acquisitions, rapidly acquiring high-quality resource reserves and mature production capabilities across multiple fields, thereby achieving a deep expansion of its digital content ecosystem and digital Internet platform businesses. Notably, the Group's core AI-driven social platform "Tongtong APP" in the digital Internet platform business completed core version iterations and has gradually become the central hub for the convergence of public and private domain traffic. In the digital content ecosystem business, the Group successfully established a business model driven by "self-developed and published" content, which achieved efficient traffic monetisation and became a vital engine for its revenue growth. In the financial technology services segment, the Group deepened its focus on core supply chain finance scenarios and achieved growth in business scale along with the ecosystem expansion. The efficient synergy among these three core business segments has significantly enhanced the Group's overall risk resistance and sustainable growth potential.

The Group's digital transformation and diversified business strategy delivered positive results, with synergies effectively supporting the stability of its operations. For the year ended 31 December 2025, the Group's revenue increased significantly by RMB148.1 million, or 56.1%, to RMB412.2 million (2024: RMB264.1 million). However, due to the rapid increase in labour costs arising from business expansion and losses incurred during the early development stages of certain newly acquired businesses, the Group's operating profit for the year decreased by RMB51.2 million, from RMB67.8 million for the year ended 31 December 2024 to RMB16.6 million for the year ended 31 December 2025. Nevertheless, profit attributable to owners of the Company for the year ended 31 December 2025 increased by RMB22.1 million to RMB61.7 million compared with the previous year, primarily as a result of significant losses incurred during the initial development phase of the Beijing Liheng Group (as defined below), in which the Company holds an indirect 26.01% equity interest, with the majority of these losses being borne by non-controlling interests.

Looking forward, the Group will continue to align with national policy orientations, capitalise on the trend of digital economy development, take advantage of technology, and build upon its ecosystem. While ensuring compliance and stability, the Group will continuously explore new paths for value growth, strengthen ecosystem synergy, optimise revenue structure, maintain stable financial performance, inject new momentum into brand value enhancement and create stable and substantial investment returns for our shareholders. Furthermore, although geopolitical tensions in the Middle East have led to fluctuations in international energy prices, the Group's emphasis on developing the digital Internet ecosystem, coupled with its overall low energy consumption, helps mitigate the impact of these fluctuations. The Group will continue to monitor developments and implement appropriate measures for risk identification and response.

Lastly, I would like to take this opportunity to express my sincere gratitude to all the staff and the management for their unremitting efforts and positive contributions to the development of the Group throughout the year. At the same time, I am grateful for the long-term trust of our vast users and partners, as well as the unwavering support of our shareholders, which serve as the fundamental driving force for the Group to navigate cycles and continuously evolve.

Zhou Yafei
Chairman

Beijing, 27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Tong Tong AI Social Group Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are principally engaged in (i) digital Internet platform business, which includes social commerce platform and business ecosystem collaboration platform, (ii) digital content ecosystem business, which encompasses game development and distribution, film and television production, as well as digital marketing, and (iii) financial technology services business, which involves providing commercial factoring and other financing services.

During the year ended 31 December 2025 (the “**Reporting Period**”), the global economy experienced stable growth, but it lacked momentum due to increasing trade tensions and fluctuations in financial markets. In this complex environment, the Group achieved steady development by deepening its comprehensive Internet strategy of “technology + finance”, accelerating its digital transformation, and diversifying its business. The Group successfully completed its expansion into the Internet social and digital content sectors through the acquisition of the Beijing Yiheng Group (as defined below) and the Beijing Jiayu Group (as defined below) during the Reporting Period. Meanwhile, by leveraging the synergy between financial technology and Internet businesses, the Group has further achieved revenue growth, with core drivers including enhanced conversion efficiency of digital content traffic (such as games and short dramas), expanded scale of financial services, and new volume contributions from digital Internet platforms.

For the Reporting Period, the Group’s revenue increased by RMB148.1 million or 56.1% from RMB264.1 million for the year ended 31 December 2024 (the “**Corresponding Period**”) to RMB412.2 million for the Reporting Period. However, the Group’s profit before tax decreased substantially by RMB51.2 million or 75.5% from RMB67.8 million for the Corresponding Period to RMB16.6 million for the Reporting Period.

The substantial increase in revenue was attributable to several factors including i) the increase in revenue from CashBox Group Technology (Hong Kong) Limited (“**CashBox**”) by RMB147.3 million or 105.3% for the Reporting Period, following its acquisition by the Group on 21 June 2024 (the “**CashBox Acquisition**”); and ii) the increase in revenue from external customers of RMB3.1 million for the Reporting Period from the Beijing Liheng Group (as defined below) acquired by the Group in August 2024 through specific contractual arrangements. Conversely, the Company recorded a substantial decrease in profit before tax for the Reporting Period which was primarily due to i) the significant increase in staff costs by RMB54.9 million mainly due to the business expansion of the Beijing Liheng Group and ii) the increase in amortisation of intangible assets, by RMB20.8 million, incurred as a result of the CashBox Acquisition and the acquisition of Beijing Liheng Group, which was partially offset by the increase in foreign exchange gain by RMB48.1 million due to the appreciation of Renminbi against Hong Kong dollar for the Reporting Period.

Although the Company recorded a substantial decrease in profit before tax during the Reporting Period, profit attributable to the owners of the Company increased from RMB39.6 million in the Corresponding Period to RMB61.7 million in the Reporting Period. The increase in profit attributable to the owners of the Company was primarily due to the significant losses incurred at the initial development stage of the Beijing Liheng Group, in which the Company indirectly holds a 26.01% shareholding interest. As such, the majority of these losses were borne by the non-controlling interests. Concurrently, the Company recorded an increase in exchange gain of RMB48.1 million. For more details, please refer to the “Financial Review” section of this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

On 28 August 2024, the Group 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 an indirectly 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 have been consolidated in the results of the Group as if Beijing Liheng is a subsidiary of the Company.

The Beijing Liheng Group is principally engaged in social networking, AI and blockchain services, digital asset auction, e-commerce, information and short drama 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, mainly including EDI license (在線數據處理與交易業務經營許可證), ICP license (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 details of the Beijing Liheng Contractual Arrangements, please refer to the announcement of the Company dated 28 August 2024.

On 18 March 2025, 北京恒美卓盛科技有限公司 (Beijing Hengmei Zhuosheng Technology Co., Ltd.*) ("**Beijing Hengmei**", which is an indirectly 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**", which is owned as to 90% by Mr. Zhou Yafei ("**Mr. Zhou**") and 10% by Mr. Song Chenxi ("**Mr. Song**") (both being executive directors of the Company) (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 have been consolidated in the results of the Group as if Beijing Yiheng is a subsidiary of the Company.

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 film and television as well as online content development in the PRC. As at the date of this annual report, Beijing Yiheng's subsidiary holds the Radio and Television Program Production and Operation License (廣播電視節目製作經營許可證) and Value-added Telecommunications Service Operating License (增值電信業務經營許可證).

MANAGEMENT DISCUSSION AND ANALYSIS

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**”), which is an indirectly 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**”), which is owned as to 50% by Beijing Chongda Zhixing 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 Chongda 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 have been consolidated in the results of the Group as if Beijing Jiayu is a subsidiary of the Company.

Beijing Jiayu has two wholly owned subsidiaries, namely (i) 共域通兌(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 Value-added Telecommunications Service Operating License (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.

In addition to the newly acquired businesses, the Group’s revenue from commercial factoring business remained stable and increased by RMB1.5 million during the Reporting Period. However, the Group’s revenue from other financing services decreased from RMB33.3 million in the Corresponding Period to RMB24.2 million in the Reporting Period. This decline was mainly due to the introduction of new regulations in the domestic loan facilitation industry, which led to a reduction in lending volumes in the market and, consequently, lower referral revenue during the Reporting Period.

The Group is committed to becoming a market-leading “technology + finance” comprehensive Internet services provider, building on its existing business development. The management team will align closely with national policy guidance and take full advantage of the favourable opportunities presented by the widespread adoption of emerging technologies such as AI and blockchain. Additionally, the Group plans to actively develop businesses within the digital Internet ecosystem. This strategy aims to create a multi-sector, synergistic ecosystem that incorporates financial services, Internet social networking, and digital content. By driving traffic conversion and increasing user lifetime value, the management believes that promoting business diversification and digital transformation, while maintaining strong financial performance and optimising revenue structure, will lead to the Group’s steady development and generate fruitful and stable returns for the shareholders of the Company (the “**Shareholders**”).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY ENVIRONMENT

In 2025, the global technology and Internet Industries continued to undergo structural adjustments and paradigm evolution amid volatility. Technological breakthroughs, intensified policies, and market shifts intertwined to shape new competitive landscapes and development paths. China's long-term positive economic fundamentals remained unchanged. The advantages inherent in its ultra-large-scale market, comprehensive industrial system, and vibrant innovation vitality continued to emerge, solidifying its position as the primary engine of global economic expansion. Various international organisations, including the IMF and the World Bank, alongside foreign institutions, have raised their growth forecasts for China's economy for 2026.

At the policy level, the direction has clearly been established. The 2025 Government Work Report, delivered during the National Two Sessions, underlined the need to advance the "AI+" initiative and deepen the research, development, and application of big data and AI technologies. Financial policies continued to emphasise risk prevention and control as well as the return to core service functions, through penetrating regulation. A number of regulatory documents were established to facilitate the virtuous cycle of "technology-industry-finance", which unlocked new quality productive forces.

During the Reporting Period, the fintech industry has advanced into a new phase of high-quality development, marked by strong regulation and deep integration. In supply chain finance, the application of blockchain technology has evolved from proof-of-concept to full-process traceability, significantly enhancing transparency and resilience across supply chains. Inclusive finance, empowered by digital tools, continued to expand its reach into the private economy and micro, small, and medium-sized enterprises. On a global scale, financial regulation has been characterised by the parallel trends of localisation and international coordination. As regulatory frameworks for digital assets and payment instruments have grown increasingly clear, enterprises are facing more stringent requirements in dynamically adapting their compliance structures while maintaining the capacity for innovation.

Focusing on the Internet technology field, the driver for global digital Internet industry is shifting from user benefits to technological value. AI has become infrastructure for the digital economy. "AI+" comprehensively empowers thousands of industries, with the opening up of large model capabilities lowering application barriers and bringing about massive innovations. Integration of Web3.0 concepts and technologies into existing Internet business models is accelerating. Blockchain grants users data ownership and value transfer capabilities, while AI optimises interaction experiences in decentralised ecosystems. Their synergy is giving rise to the budding of a new generation of decentralised application (DApp), driving the industry toward deeper value exploration.

According to the 57th Statistical Report on Internet Development in China, as of December 2025, the number of Internet users in China reached 1.125 billion, pushing the Internet penetration beyond 80%. In particular, the number of generative AI users reached 602 million, marking the accelerated integration of AI technology into daily life and production. The benefits of digital development are reaching broader segments of the population. The social media market continues to show steady growth, but the focal point of competition has shifted from scale expansion to vertical segmentation and deeper value exploration. Models such as social e-commerce, paid subscriptions, and creator economy are becoming increasingly mature. AI empowers upgrades in virtual social experiences and content creation tools, while blockchain technology builds more transparent creator incentive mechanisms and community governance models. These advancements effectively enhance user stickiness and commercial value on platforms.

MANAGEMENT DISCUSSION AND ANALYSIS

The digital content industry became one of the most dynamic economic sectors in 2025, serving as an important new engine driving digital economy growth. Globally, the gaming market demonstrated structural growth opportunities amid adjustments. According to Newzoo data, it expected global gaming revenue to increase by 7.5% year-on-year to US\$197 billion in 2025, with mobile games firmly holding the top spot among sub-sectors. In China, the gaming industry ushered in a “banner year” of development. According to the China Game Industry Report for 2025, the actual sales revenue of the China’s gaming market reached RMB350.789 billion for the year, up 7.68% year-on-year, crossing the RMB350 billion threshold for the first time; the number of game users rose 1.35% to 683 million, further approaching the 700 million user milestone. Meanwhile, the short drama industry exhibited “explosive” growth. According to the National Radio and Television Administration, in 2025, both the volume of micro-short dramas broadcast on national satellite TV channels and audience viewership achieved multiple-fold increases. Also, according to iiMedia Research, the market size of China’s micro-short drama sector was projected to reach RMB67.79 billion in 2025, up 34.4% year-on-year, with projections that the market size of China’s online micro-short drama will exceed RMB150 billion by 2030.

BUSINESS REVIEW

Following its strategic upgrade in 2024, the Group is focusing on the core areas of “social + commerce.” The goal is to build a new digital Internet ecosystem for the Web 3.0 era, aiming to become a leading global provider of integrated digital Internet services.

During the Reporting Period, the Group has implemented its “One Core, Two Wings” strategic framework, which involves steadily developing three interconnected segments: a digital Internet platform, a digital content ecosystem, and financial technology services. This framework aims to create an open, value-driven social commerce ecosystem for the Web 3.0 era. The Group’s social commerce platform serves as the central digital Internet hub, facilitating business execution, traffic aggregation, and value monetisation. By adhering to the core principle that “social interaction generates transactions”, the Group is integrating cutting-edge technologies like AI, blockchain, and the metaverse. This approach aims to create an AI-powered entry point for users of all ages, fostering a deep integration of social engagement, content, and commerce. The Group is committed to empowering ecosystem partners and establishing a new model of collaborative, which is mutually beneficial to industrial development.

Digital Content Ecosystem Business

The Group’s digital content ecosystem business encompasses game development and distribution, film and television production, and digital marketing which undertake the core function of attracting traffic and realising commercial monetisation for the Group. To enhance the Group’s resilience to risk and competitiveness in the Internet finance sector, a diversified transformation based on existing business activities is considered necessary. As such, in June 2024 and March 2025, the Group acquired CashBox and the Beijing Yiheng Group, respectively, with the objective to diversify the Group’s business, expand its income stream improve the Group’s business ecosystem and maximise returns for the Shareholders.

Leveraging CashBox’s research and development, and operational capabilities in the gaming sector, along with the Beijing Yiheng Group’s strengths in film and television content production and distribution, the Group has established a digital content ecosystem that integrates gaming with film and television. This strategy will enhance the Group’s ability to innovate within its digital content ecosystem, provide content support to attract and engage users, and promote overall value enhancement for the ecosystem.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has comprehensive capabilities across all aspects of game development, publishing, and operations. CashBox is a leading game developer with a top-notch management and research and development team, along with valuable industry insights, expert knowledge, and extensive resources. The game business employs a profit model that combines advertising services and virtual item monetisation. This model includes charging service fees based on the number of clicks or display time through in-game advertising, as well as offering players consumable virtual items that can be redeemed online. The costs related to these items are paid by the end-users through online payment channels or directly by distributors. Currently, the Group's digital content ecosystem includes popular mini-casual games such as Solitaire PawPaw, Link Block, and Dream Puzzle. During the Reporting Period, 119 new game products have been launched, bringing the total number of developed and released games to over 560 as of 31 December 2025.

Additionally, the Group has independently developed and upgraded its personalised operation system, Quick BI 4.0. This system, built on a standardised and replicable platform model, enables efficient and precise promotion and management of games, facilitating rapid revenue conversion following a game's launch. As the number of game products increases and business strategies are optimised, the game business has attracted users from over 100 countries, with core user demographics concentrated in densely populated regions such as the United States, Brazil, India, and Southeast Asia. Furthermore, the average revenue per paying user (ARPPU) among active users has continued to rise.

The Group's digital content ecosystem business also emphasises the creation of online media, including film and television content. It has established a production chain focused on youth-oriented films and television in the online space. With integrated capabilities in film and television production, publicity, and brand marketing, the Group has developed comprehensive innovation capabilities in content creation, intellectual property production, and distribution.

During the Reporting Period, the Group produced several high-quality short dramas, including popular titles such as 《縛君心》(Bound by the Emperor's Heart*), 《噓!暴君是我掌上犬》(Hush! The Tyrant is My Beloved Dog*), 《本將軍的夫人才不是惡女》(This General's Wife is Not a Villain*), and 《棄婿後,我自成凰》(After Abandoning My Son-in-Law I Become a Phoenix*). These works span various genres, including historical romance, female-led revenge, and fantasy. The Group has established deep collaborations with platform-native accounts such as 紅果短劇 (Hongguo Short Drama*), 愛奇藝微短劇 (iQIYI Mini Drama*), and Douyin. It is actively expanding into the AI short drama market to enhance its diverse content ecosystem. By exploring a wider range of genres and themes, the content ecosystem has become increasingly robust, leading to a consistent rise in the reputation of the works and drawing significant market attention. During the Reporting Period, CashBox and the Beijing Yiheng Group recorded revenue of RMB287.1 million and RMB5.4 million respectively.

Digital Internet Platform Business

The Group's digital Internet platform business is a key part of its "One Core, Two Wings" strategy. This business primarily focuses on two main areas: social commerce platforms and business ecosystem collaboration platforms. These platforms serve essential functions such as traffic aggregation, scenario implementation, and value exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

To expand its digital Internet platform business and enhance market competitiveness under its “social + commerce” strategic framework, the Group completed the acquisitions of the Beijing Liheng Group in August 2024 and the Beijing Jiayu Group in March 2025 through contractual arrangements. The two acquired entities are collaborating to leverage advanced technologies, including AI, metaverse, blockchain, Web 3.0, and augmented reality (“AR”)/virtual reality (“VR”). Together, they aim to develop a multi-dimensional interconnected digital Internet platform ecosystem centred around the Tongtong platform as its core hub. This approach will enable the Group to gradually establish a comprehensive “social + commerce” digital Internet platform and solidify its full-chain service system, which consists of “5 major scenario entry points, 10+ business models, and N innovative tools.”

The Group’s digital Internet platform is designed to appeal to all age groups, breaking down the barriers of traditional social e-commerce. It leverages advanced technologies such as AI, blockchain, and Web 3.0 to enhance user experience. By introducing innovative transaction scenarios and a variety of interactive features, the platform creates new consumer experiences and business models. This results in a multi-layered digital ecosystem that includes both a social commerce platform and a collaborative business ecosystem. Ultimately, this approach establishes a diversified “social + commerce” business models, empowering partners across the entire ecosystem, including the G-end (government and public services), S-end (supply chain and service providers), B-end (merchants, developers, and creators), b-end (promoters), C-end (consumer-merchants), and c-end (users), thereby building a fully digitalised value ecosystem. The digital Internet platform deeply integrates AI and metaverse technologies through highlighted functions such as animated digital humans, innovative features, NFTs, and user content creation, crafting diverse scenario experiences and personalised services for its users. The platform core product “Tongtong APP” launched in May 2024 has been at the public beta phase, which serves as one of the main entrances to traffic of the Group’s digital Internet platform, providing users with a safer, more interesting, smarter and more novel “social + e-commerce” comprehensive experience.

Meanwhile, the core products of the digital Internet platform create strong synergies within the business ecosystem. Through interactive methods such as scenario co-creation, task-based networking, and social interactions, combined with various operational scenarios and marketing tools, the platform breaks down traditional barriers to entrepreneurship and the division between online and offline traffic. This results in a seamless integration of social interaction, emotional connection, and commercial value.

By enabling cross-merchant points redemption and shared member services, the platform enhances capabilities across multiple scenarios within the ecosystem, facilitating cross-platform integration. It provides traffic monetisation services in both “private domain” and “shared domain” contexts for merchants and users. This strategy boosts user engagement and loyalty while uncovering new opportunities for brand promotion and collaboration.

During the Reporting Period, the Group’s digital Internet platform business generated revenue of RMB13.7 million from external customers, mainly derived from subscription fees. As of 31 December 2025, the platforms operated by the Group had over 2.75 million registered users in total, with approximately 68,000 users having paid for subscriptions.

MANAGEMENT DISCUSSION AND ANALYSIS

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

As the Group’s long-term objective is to become a market-leading digital Internet integrated services provider, the Group believes the acquisitions of the Beijing Liheng Group, the Beijing Jiayu Group, and the Beijing Yiheng Group will enhance the Internet service capabilities of the Group as a whole and at the same time enable the Group to diversify its business to maintain competitiveness in light of the challenging market conditions in recent years.

Financial Technology Services Business

As an essential part of the Group’s “One Core, Two Wings” strategy, the financial technology services business plays a crucial role in offering stable financial support for the Group’s business ecosystem. Its primary focus is on commercial factoring and other financial services.

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. By adhering to compliant operational principles and ensuring asset quality, the financial technology services business steadily generates stable returns for the Group through an effective risk management system and prudent business strategies. During the Reporting Period, the Group continued to increase its loan amount and credit support to high-quality customers, raising the loan amount from RMB1.8 billion for the Corresponding Period to RMB2.1 billion for the Reporting Period. The interest rates charged to commercial factoring borrowers decreased slightly, ranging from 6.0% to 7.5% during the Reporting Period (the Corresponding Period: ranging from 6.0% to 8.0%), which aligns with prevailing market rates. The Group’s revenue from the commercial factoring business increased to RMB81.8 million during the Reporting Period (the Corresponding Period: RMB80.4 million).

The commercial factoring business continued to yield stable returns for the Group, recording segment results (excluding inter-segment transactions) of RMB73.9 million for the Reporting Period (the Corresponding Period: RMB71.8 million). The Group plans to continue exploring opportunities in its commercial factoring business, as it has established a reliable risk management system and maintained steady growth despite various external challenges during the Reporting Period.

Aside from the commercial factoring business, the Group, through Gome Wangjin (Beijing) Technology Co., Ltd. (“**Gome Wangjin**”), a wholly-owned subsidiary of the Company, continues to seek various opportunities in providing other financing services, leveraging its extensive technical expertise in the relevant areas. Gome Wangjin primarily offers operating services for a financial service application and refers customers to financial institutions through this application. During the Reporting Period, the Group experienced a decrease in revenue of other financing services from RMB33.3 million in the Corresponding Period to RMB24.2 million in the Reporting Period. This decrease was primarily attributable to the introduction of new regulations in the domestic loan facilitation industry, which led to a reduced lending volume in the market and, consequently, lower referral revenue during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Results highlights

Revenue

During the Reporting Period, the Group's revenue increased substantially by RMB148.1 million or 56.1%, reaching RMB412.2 million, compared to RMB264.1 million in the Corresponding Period. This growth was primarily driven by the CashBox Acquisition, and the acquisition of Beijing Liheng.

CashBox's principal activities include game development and publishing. Revenue generated from CashBox during the Reporting Period amounted to RMB287.1 million, compared to RMB139.9 million in the Corresponding Period. The Group gained a controlling interest in CashBox following the completion of the CashBox Acquisition on 21 June 2024, and its financial results have since been consolidated in the Group's financial statements. Revenue from online advertising services and top-up services made up approximately 25.8% and 74.2%, respectively, of CashBox's total revenue for the Reporting Period.

The Company acquired Beijing Liheng through the Beijing Liheng Contractual Arrangements in August 2024. The Beijing Liheng Group specialises in social networking, AI, e-commerce, information technology services, and technology research and development. During the Reporting Period, the Beijing Liheng Group generated revenue of RMB13.6 million (the Corresponding Period: RMB10.5 million) from external customers, accounting for 3.3% of the Group's total revenue. This revenue primarily came from subscription fees received from registered users of the "Tongtong APP".

The Group recorded revenue of RMB81.8 million from its commercial factoring business during the Reporting Period, up from RMB80.4 million in the Corresponding Period. The increasing demand for commercial factoring loans among borrowers in the PRC led to a rise in the Group's average net loan balance by RMB176.6 million, or 15.3%, growing from RMB1,155.0 million in the Corresponding Period to RMB1,331.6 million in the Reporting Period. This growth indicates an expansion of the operating scale of the commercial factoring business, which has continued to yield stable returns for the Group. The Group plans to explore further opportunities in its commercial factoring business going forward.

However, the Group experienced a decrease in revenue from its other financing services by RMB9.1 million, bringing the total to RMB24.2 million for the Reporting Period, compared to RMB33.3 million in the Corresponding Period. This decrease was primarily attributable to the introduction of new regulations in domestic loan facilitation industry, which led to a reduced lending volume in the market and, consequently, lower referral revenue during the Reporting Period.

Lastly, the Beijing Yiheng Group and Beijing Jiayu Group, which were acquired by the Group in March 2025, contributed only RMB5.4 million and RMB53,000, respectively, to the Group's revenue for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income and other losses

The Group's other income primarily consisted of bank interest income, which decreased from RMB5.3 million in the Corresponding Period to RMB0.9 million in the Reporting Period. This decline in bank interest income was mainly due to decreasing bank deposit rates in the PRC and the expansion of our commercial factoring business, which resulted in a lower bank deposit amount. Additionally, since the functional currency of the Company is Hong Kong dollar, the appreciation of Renminbi against Hong Kong dollar during the Reporting Period resulted in an exchange gain of RMB27.0 million, compared to an exchange loss of RMB21.1 million in the Corresponding Period, when calculating Renminbi foreign debt borrowings (foreign debt borrowings refer to loans made by the Company to its PRC subsidiaries).

Administrative expenses

The Group's administrative expenses primarily included staff costs, research and development expenses, amortisation of intangible assets, service fees and depreciation of right-to-use assets. Administrative expenses increased by RMB103.2 million from RMB56.0 million in the Corresponding Period to RMB159.2 million in the Reporting Period. The increase was mainly due to (i) an increase in staff costs of RMB54.9 million, from RMB22.1 million in the Corresponding Period to RMB77.0 million in the Reporting Period, due to an increase in staff cost as a result of the acquisition of the Beijing Liheng Group and its business expansion; (ii) an increase in the amortisation of intangible assets, comprise mainly integrated game developing system, mobile games and digital Internet platform development, totaling RMB20.8 million, mainly arising from the CashBox and Beijing Liheng acquisitions; (iii) an increase in service fees and promotion fees amounting to RMB7.9 million, largely driven by the business expansion of the Beijing Liheng Group during the Reporting Period, (iv) an increase in depreciation of right-to-use assets of RMB7.0 million, mainly arising from the acquisition of the Beijing Liheng Group and the Beijing Jiayu Group; and (v) an increase in research and development expenses for the Group's Lehuopai APP amounting RMB5.8 million.

Marketing expenses

The Group's marketing expenses amounted to RMB259.3 million in the Reporting Period, compared to RMB120.2 million in the Corresponding Period. During the Reporting Period, marketing expenses, primarily consisting of advertising and promotion expenses, technical service fees, short drama production, and Weibo promotion fees, were incurred by CashBox, the Beijing Liheng Group, and the Beijing Yiheng Group, totalling RMB247.4 million, RMB5.1 million, and RMB6.8 million, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

The Group's finance costs mainly consisted of interest expenses, rising from RMB1.2 million in the Corresponding Period to RMB5.6 million in the Reporting Period. This increase in interest expenses was mainly related to non-bank borrowings of the Beijing Liheng Group and the Beijing Jiayu Group.

Combining all factors mentioned above, during the Reporting Period, the Group recorded profit before tax of RMB16.6 million compared to profit before tax of RMB67.8 million in the Corresponding Period. Although the Company profit before tax decreased significantly during the Reporting Period, profit attributable to the owners of the Company increased from RMB39.6 million in the Corresponding Period to RMB61.7 million in the Reporting Period. The increase in profit attributable to the owners of the Company was primarily due to the significant losses incurred at the initial development stage of the Beijing Liheng Group, in which the Company indirectly holds a 26.01% shareholding interest. As such, the majority of these losses were borne by the non-controlling interests. Concurrently, the Company reported an increase in the exchange gain of RMB48.1 million.

Digital Content Ecosystem Business Segment Analysis

The following table sets forth the operating results of the Group's digital content ecosystem business segment:

	For the year ended 31 December 2025 RMB'000	For the year ended 31 December 2024 RMB'000
Revenue		
— Advertising income	73,964	26,538
— Top-up income	213,172	113,312
— Digital content service income	5,401	—
Total Revenue	292,537	139,850
Net operating expenses	(284,406)	(127,539)
Operating earnings	8,131	12,311
Provision for ECL of trade receivables	(175)	(580)
Segment results	7,956	11,731

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's digital content ecosystem encompasses several businesses, including game development and publishing operated by CashBox, as well as film and television production and digital marketing managed by the Beijing Yiheng Group. As the CashBox acquisition was completed on 21 June 2024, CashBox's revenue in the Reporting Period increased significantly as compared to the Corresponding Period.

For CashBox, revenue was derived from online advertising services and top-up services, which comprised 25.3% and 72.9% of the total revenue from the Group's digital content ecosystem business, respectively. Meanwhile, the revenue generated by the Beijing Yiheng Group came from digital content service income such as short drama production and Weibo advertising, totalling RMB5.4 million for the Reporting Period.

The net operating expenses for the Group's digital content ecosystem business during the Reporting Period primarily included advertising and promotion expenses, amortisation of intangible assets, and costs associated with short drama production and Weibo promotions.

The recoverable amount of the game development and distribution 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 9.7% (2024: 10.4%) and, terminal growth rate of 2% (2024: 2%). A key assumption for the value-in-use calculation is the budgeted sales growth rate ranging from 15% to 45% (2024: 10% to 40.2%) and the gross profit margin ranging from 17.1% to 18.9% (2024: 18.6% to 25.5%), which is determined based on past performance and management's expectations for the market development.

During the Reporting Period, since the recoverable amount of game development and distribution business CGU was larger than its carrying amount (including carrying amounts of intangible assets of RMB238,125,000 (2024: RMB227,387,000)), the directors of the Company considered that no impairment of goodwill allocated to game development and publishing business CGU was recognised. For further details, please refer to note 17 of the consolidated financial statements.

Digital Internet Platform Business Segment Analysis

The following table sets forth the operating results of the Group's digital Internet platform business segment:

	For the year ended 31 December 2025 RMB'000	For the year ended 31 December 2024 RMB'000
Revenue	13,699	10,548
Net operating expenses	(90,636)	(15,744)
Segment results (excluded inter-segment transactions)	(76,937)	(5,196)

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's digital Internet platform business is divided into two main categories: social commerce platform and business ecosystem collaboration platform. The social commerce platform is managed by the Beijing Liheng Group, while the business ecosystem collaboration platform is run by the Beijing Jiayu Group. During the Reporting Period, revenue from the social commerce platform was RMB13.6 million, whereas revenue from the business ecosystem collaboration platform was only RMB53,000. The net operating expenses primarily consisted of staff costs, marketing expenses, research and development expenses and depreciation of fixed assets and right-of-use assets.

The segment results showed a substantial loss due to rising staff costs due to the business expansion of the Beijing Liheng Group, since its products have not yet reached full maturity.

Financial Technology Services Businesses Segment Analysis

Commercial factoring business

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

	For the year ended 31 December 2025 RMB'000	For the year ended 31 December 2024 RMB'000
Revenue	81,843	80,371
Net operating expenses	(6,658)	(5,652)
Operating earnings	75,185	74,719
Provision for ECL of loans receivables	(1,327)	(2,886)
Segment results (excluded inter-segment transactions)	73,858	71,833

As mentioned above, the steady demand for commercial factoring loans among borrowers in the PRC resulted in an increase in revenue from RMB80.4 million for the Corresponding Period to RMB81.8 million for the Reporting Period.

During the Reporting Period, the net operating expenses of the commercial factoring loan business increased by RMB1.0 million compared to the Corresponding Period. This rise was primarily due to a decline in deposit interest rates set by the People's Bank of China and an expansion in the scale of commercial factoring business. However, this expansion led to a decrease in monetary funds, which in turn resulted in a reduction of interest income by RMB1.3 million. As a result of these combined factors, segment profit (excluding inter-segment transactions), rising from RMB71.8 million in the Corresponding Period to RMB73.9 million in the Reporting Period.

The Group employs a consistent and objective approach to analysing loan quality in order to assess potential impairment losses on loan receivables. Factors considered in this analysis include subsequent settlements, defaults, delinquency in interest or principal payments, and a financial and credit analysis of each individual debtor or group of debtors.

MANAGEMENT DISCUSSION AND ANALYSIS

After conducting this analysis, the Group categorises loans into five different categories and three stages based on the ECL, as required by standards related to financial instruments. A consistent policy is then applied to each loan category when providing for the impairment of loan receivables, taking into account the balances of various categories of loans, net of any settlement amounts made after the Reporting Period.

	As at 31 December 2025		As at 31 December 2024	
	Gross balance RMB'000	ECL provision RMB'000	Gross balance RMB'000	ECL provision RMB'000
Normal	1,410,214	15,686	1,281,656	14,359
Special mention	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	1,410,214	15,686	1,281,656	14,359

Gross balance of normal loan as at 31 December 2025 increased to RMB1,410.2 million (31 December 2024: RMB1,281.7 million), which was due to the increase in loan demand from the commercial factoring loan borrowers during the Reporting Period.

As at 31 December 2025, the provision for ECL increased to RMB15.7 million (31 December 2024: RMB14.4 million) which was due to the increase in the loan receivables of the Group.

Other financing services business

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

	For the year ended 31 December 2025 RMB'000	For the year ended 31 December 2024 RMB'000
Revenue	24,170	33,331
Net operating expenses	(6,065)	(5,829)
Segment results (excluded inter-segment transactions)	18,105	27,502

During the Reporting Period, the Group recorded revenue from its other financing services business of RMB24.2 million, compared to RMB33.3 million for the Corresponding Period. The decrease in revenue was primarily due to the introduction of new regulations in the domestic loan facilitation industry, which led to a reduced lending volume in the market and, consequently, lower referral revenue during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Net operating expenses for the other financing services business increased by RMB0.2 million, mainly attributed to higher staff costs and a decrease in bank interest income.

Consequently, the segment results (excluding inter-segment transactions) decreased from RMB27.5 million for the Corresponding Period to RMB18.1 million for the Reporting Period.

Key operating data of the commercial factoring business

	For the year ended 31 December 2025 RMB'000	For the year ended 31 December 2024 RMB'000
Total return on loans (revenue as % of average gross loan balance)	6.07%	6.89%
Allowance to loans ratio (impairment allowance as % of gross loan balance)	1.11%	1.12%
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 6.0% to 7.5% for the Reporting Period, as compared with 6.0% to 8.0% for the Corresponding Period. Total return on loans reduced because of the fact that the Peoples' Bank of China 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 2025, 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 2025 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 Company's management was cautious and considered that it would be appropriate to maintain the provision for ECL at a high level.

MANAGEMENT DISCUSSION AND ANALYSIS

Provision for ECL

As mentioned above, a provision for ECL of RMB1.3 million was made for the commercial factoring business, and a provision for ECL of RMB175,000 was made for the game development and publishing business during the Reporting Period. All provisions for ECL as of 31 December 2025 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 2025 RMB'000	For the year ended 31 December 2024 RMB'000
As at 1 January	14,944	11,473
Impairment allowances recognised	16,431	14,944
Impairment loss reversed	(14,944)	(11,473)
As at 31 December	16,431	14,944

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 of the Company 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 of the Company 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.

MANAGEMENT DISCUSSION AND ANALYSIS

(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 the chairman and 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 7.5% (the Corresponding Period: ranging from 6.0% to 8.0%) per annum. The total gross trade and loan receivables from the commercial factoring service business as at 31 December 2025 amounted to RMB1.41 billion (31 December 2024: RMB1.28 billion) of which the Group's largest factoring loan borrower accounted for 16.2% of the Group's total gross trade and loan receivables from commercial factoring service business as at 31 December 2025 (31 December 2024: 15.3%).

MANAGEMENT DISCUSSION AND ANALYSIS

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 Reporting Period and the Corresponding Period.

Update on the acquisition of TJGCMT

Beijing Bosheng Huifeng Business Consulting Co., Limited ("**Bosheng Huifeng**") 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 Group is engaged in issuing and accepting prepaid cards, offering internet payment solutions, providing cross-border payment services, professional financial services, and clearing and settlement services. On 7 June 2017, RMB576 million had been advanced according to the loan agreement entered into between Xinda Factoring and Bosheng Huifeng (the "**Bosheng Huifeng Loan Agreement**"). Details of the TJGCMT Acquisition and Bosheng Huifeng Loan Agreement are set out in the Company's circular dated 29 June 2017. Completion of the TJGCMT Acquisition is pending on the grant of approval for the ownership change in TJGCMT by the People's Bank of China ("**PBOC**").

In the first half of 2025, the Company's management primarily focused on addressing on-site inspections conducted by the PBOC regarding compliance of TJGCMT's business. In the second half of 2025, the Company's management began preparing further materials for the application of the ownership change in TJGCMT and submitted further review materials to the PBOC. The Company's management understood that the Company was progressing in a normal course of such application.

As at 31 December 2025 and up to the date of this annual report, approval of the PBOC for the TJGCMT Acquisition has not yet been granted and accordingly, the TJGCMT Acquisition has not yet been completed. As the application has further progressed during 2025, the Company's management anticipates that the PBOC is very likely to complete the approval process for the ownership change by the end of 2026.

On 31 October 2025, a supplemental agreement (the "**Supplemental Agreement**") to the Transfer Agreement was signed which concluded that the total consideration for the TJGCMT Acquisition was reduced from RMB720.0 million to RMB576.0 million. In addition, Bosheng Huifeng will serve as the exclusive service provider, offering comprehensive business support, technical services, and consulting services to the TJGCMT Group. In return, TJGCMT will pay Bosheng Huifeng 80% of its pre-tax profit as a service fee.

On 31 October 2025, an exclusive entrusted management agreement (the "**Entrusted Management Agreement**") was entered into between Xinda Factoring and Bosheng Huifeng which concluded that Xinda Factoring will serve as the exclusive service provider, offering comprehensive business support, technical services, and consulting services to Bosheng Huifeng. In return, Bosheng Huifeng will pay Xinda Factoring 100% of its pre-tax profit as a service fee.

The Company's management believes that signing the Supplemental Agreement and the Entrusted Management Agreement will enhance the Company's revenue sources. It will also allow for more effective collaboration between TJGCMT's business and the Group's business, thereby creating additional development opportunities and synergies for the Group. This is considered to be in the best interests of both the Group and all its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

As a result of these arrangements, the Group indirectly obtained the operating right of TJGCMT (the “**Operating Right**”) and 80% of TJGCMT’s pre-tax profit will be included in the Company’s consolidated profit and loss accounts as service fee income. The terms of the Supplemental Agreement remain in effect until the completion of the share transfer under the Transfer Agreement. In substance, the Group’s existing interest in the TJGCMT Acquisition, represented by the net carrying amount of the prepayment for the acquisition of TJGCMT of RMB368.0 million (net of previously recognised accumulated impairment losses of RMB208.0 million), now encompasses the right to manage and receive economic benefits from the TJGCMT Group.

As the Group obtained control over the expected future economic benefits from the Operating Right and the cost of the Operating Right could be measured reliably, the Group recognised an “Operating Right” in the consolidated statement of financial position at the amount of RMB368.0 million, representing the carrying value of the prepayment, which the Group treated as the deemed consideration for such transaction at the date of the Supplemental Agreement. This recognition reflects the Group’s current right to the underlying operations pending formal PBOC approval of the share transfer. The Operating Right is considered to have an indefinite useful life as it remains in effect until the completion of the transaction, and is carried at cost less any subsequent accumulated impairment losses.

According to the Transfer Agreement and the Supplemental 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 of RMB576.0 million in accordance with the provisions of the Transfer Agreement, subject to the rights and obligations of the parties under the Transfer Agreement and the Supplemental Agreement and limitation of action. On 26 December 2025, a personal undertaking was renewed and made by Mr. Wong Kwong Yu (“**Mr. Wong**”), the controlling shareholder of the Company (“**Wong’s Undertaking**”) to replace Mr. Wong’s previous personal undertaking which expired in 31 December 2025. Pursuant to Wong’s Undertaking, if the transaction of the equity (the “**Transaction**”) cannot be completed by 31 December 2027 eventually, Mr. Wong undertook that Bosheng Huifeng will be procured to use all legal means to dispose of the equity interest in TJGCMT held by the Sellers so as to enable Bosheng Huifeng to recover part or all of the paid equity transfer price of RMB576.0 million. In the event that Bosheng Huifeng is still unable to recover part or all of the relevant consideration of the equity transfer and the Group cannot receive the fully paid equity transfer price of RMB576.0 million, Mr. Wong will procure to make good any shortfall with his personal assets to the Group on or before 31 December 2028. The directors of the Company (the “**Directors**”) are of the view that Wong’s Undertaking provided by Mr. Wong will provide the Company with greater confidence and facilitate the advancement of the Transaction.

At the meeting of the Board in March 2026, the Directors considered the status of the Transaction again, in particular, whether the Company should continue to accept the uncertainty of further pending approval, instead of terminating the Transaction and requesting the immediate return of the the paid equity transfer price of RMB576.0 million. Apart from this, taking into account the latest view of the Company’s management on the commercial rationale of the TJGCMT Acquisition, the strategic value of the TJGCMT Acquisition to the Group, and the Supplemental Agreement and the Entrusted Management Agreement entered into on 31 October 2025, the Directors are of the view that the Company should continue to actively promote the approval procedure of the TJGCMT Acquisition. However, if the Transaction still cannot be completed, the Company may consider terminating the Transaction and seek alternative opportunities.

For the year ended 31 December 2025, following the recognition of the prepayment to “Operating Right”, the Company’s management performed an impairment assessment, supported by an independent valuation of the TJGCMT Group, as the recoverable amount was higher than its carrying amount, the Directors considered that no impairment was required for the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

Looking forward to 2026, the global economy will continue to face challenges such as sluggish growth, geopolitical conflicts, and policy divergences, with international institutions such as the World Bank maintaining a cautious outlook on medium-term growth prospects. Nevertheless, the World Bank, International Monetary Fund (IMF), Asian Development Bank, and others have recently raised their forecasts for China's economic growth in 2026, underscoring their recognition of China's steady and long-term positive economic trajectory. In terms of industry trends, the structural opportunities brought by technological revolutions and industrial transformations remain evident. The continuous breakthroughs and large-scale applications of digital technologies such as AI and Web3.0 will remain the core forces driving global economic structural transformation and high-quality development. For AI, transition from “model creation” to “AI application” is expected, fostering deeper integration with all aspects of the real economy. Web3.0-related technologies will gradually move from the exploration phase into a stage of selective large-scale application, unleashing enormous development potential in areas such as digital identity, data circulation, and copyright management.

The Group will seize the industry development opportunities, adhere to the “technology + finance”, dual-engine driven strategy, deepen the strategic synergy among its three major segments—digital Internet platforms, digital content ecosystem, and financial technology services—to cultivate a mutually empowering digital business ecosystem characterised by a virtuous cycle. The Group will continue to increase its research and development investment in cutting-edge AI fields, elevating AI from a product feature to the underlying operating system for all business lines, thereby comprehensively enhancing the intelligence level across the entire business. At the business level, the Group will focus on operating the digital Internet platform centered on “Tongtong APP”, persistently advance the construction of a closed-loop “social + commerce” ecosystem and its monetisation process and increase user scale and the full lifecycle value per user. At the same time, the Group will enhance the synergy among its social platform, digital content ecosystem, and financial technology services to establish a diversified and healthy revenue structure.

Seizing the historic opportunities presented by the Web3.0 era, the Group will, on the premise of complying with global and regional laws and regulations, uphold “technology-led, compliance-based, value-driven” principles, prudently yet firmly advance the implementation of its Web3.0 strategy and refine its ecological value system. Meanwhile, the Group will continue to explore development opportunities related to AI-driven social platform, digital content, financial technology, and Web3.0 infrastructure in both domestic and international markets to accelerate its ecosystem layout and consolidate its competitive edge. Furthermore, in response to an increasingly complex regulatory environment, the Group will elevate compliant operations to a strategic height for its survival and development, continuously improve data security and privacy protection systems, and establish ongoing review mechanisms for AI ethics and content security, ensuring that the innovative business progress steadily on a compliant and secure track.

To embrace the development opportunities presented by the next-generation Internet ecosystem integrating AI, social platform, and Web3.0, the Group will focus on building a powerful combination of “brand value thickness + technology application efficiency + ecological synergy ability”, consolidate the existing business foundation under the compliance framework and integrate high-quality resources and innovative technologies, through which the management believe will generate intrinsic momentum for sustainable growth amid volatile markets, open up greater possibilities for diversified business development and deliver stable and attractive long-term returns to the Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position is sound with a strong equity and working capital base. As at 31 December 2025, the Group's total equity amounted to RMB2,429.4 million (31 December 2024: RMB2,465.1 million). As at 31 December 2025, the Group's cash and cash equivalents decreased to RMB27.4 million (31 December 2024: RMB130.5 million). In the opinion of the management, the decrease in cash balance was mainly due to (i) rising costs associated with research and development, as well as staffing related to the business expansion of the Beijing Liheng Group, since its products have not yet reached full maturity and (ii) the increase in commercial factoring loan size.

During the Reporting Period, the Group recorded cash outflow from its operating activities of RMB18.9 million (the Corresponding Period: cash outflow RMB152.3 million), which was mainly due to the increase in trade receivables and loan receivables of RMB145.2 million and the increase in trade payable, other payables and accruals, and contract liabilities of RMB65.1 million, which is partially offset by changes in working capital not included in operating cash flows. The Group recorded a cash outflow from investing activities of RMB125.7 million during the Reporting Period (the Corresponding Period: cash outflow of RMB22.0 million) which was mainly because of the increase in research and development expenses of the Group's digital Internet platform business and the increase in the investment of intangible assets developed by the Group's online game business, which amounted to RMB126.7 million in aggregate, for the Reporting Period. The Group recorded a cash inflow from financing activities of RMB67.3 million (the Corresponding Period: cash outflow of RMB1.7 million), which was mainly attributable to the increase in the non-bank borrowings of the Group's digital Internet platform business, which amounted to RMB69.1 million for the Reporting Period.

The Group's current ratio as at 31 December 2025 was 9.3 (31 December 2024: 18.2). The Group's gearing ratio, expressed as percentage of total liabilities less tax payable, divided by the Group's total equity, was 12.31% as at 31 December 2025 (31 December 2024: 5.25%).

The Group had no particular seasonal pattern of borrowing. As at 31 December 2025, the Group did not have any bank borrowings (31 December 2024: nil).

CAPITAL STRUCTURE

During the Reporting Period, there was no change in the issued share capital of the Company and the Company's number of issued ordinary shares remained at 5,201,123,120 shares as at 31 December 2025 (31 December 2024: 5,201,123,120 shares).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

Save for the Beijing Yiheng Contractual Arrangements and the Beijing Jiayu Contractual Arrangements as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments as at 31 December 2025 (31 December 2024: nil).

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

The Group did not have any pledged assets or material contingent liabilities as at 31 December 2025 (31 December 2024: 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 closely monitors 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 invested 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 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 325 employees in total as at 31 December 2025 (31 December 2024: 381). 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 RMB75.1 million (the Corresponding Period: RMB20.1 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 58, 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 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 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. 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 the Stock Exchange (stock code: 08172), since April 2015.

Mr. Song Chenxi

Mr. Song Chenxi (“**Mr. Song**”), aged 43, 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 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. (衡東光通訊技術(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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Ms. Wei Ting

Ms. Wei Ting (“**Ms. Wei**”), aged 44, was appointed as a non-executive director of the Company with effect from 13 December 2023. Ms. Wei is currently a member of the Nomination Committee of the Company (the “**Nomination 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 (stock code: 00493) 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 39, was appointed as a non-executive Director of the Company with effect from 25 July 2024. Ms. Wu is currently a member of the Audit Committee of the Company (the “**Audit Committee**”) and 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 65, 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 companies listed on the Stock Exchange including Television Broadcasts Limited (stock code: 00511) and Global Digital Creations Holdings Limited (stock code: 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 74, 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).

Professor Law was also an independent non-executive director of Global Digital Creations Holdings Limited, a company listed on the Stock Exchange (stock code: 08271), 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: 00639), from September 2013 to May 2024. He also served as a member of the supervisory committee for Beijing Capital International Airport Company Limited, a company listed on the Stock Exchange (stock code: 00694), from June 2020 to August 2025.

Professor Huang Song

Professor Huang Song (“**Professor Huang**”), aged 48, 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.

REPORT OF THE DIRECTORS

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 annual 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) digital Internet platform business, which includes social commerce platform and business ecosystem collaboration platform, (ii) digital content ecosystem business, which encompasses game development and distribution, film and television production, as well as digital marketing, and (iii) financial technology services business, which involves providing commercial factoring and other financing services, details of which are set out in note 1 to the consolidated financial statements.

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 9 to 12 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 50 to 53 of this annual report and the financial risk management objectives and policies of the Group are shown in note 36 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 26 of this annual report.

Discussions on the Group’s environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which significantly impact the Group, are provided in the Environmental, Social, and Governance Report, separate from 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.

REPORT OF THE DIRECTORS

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 emphasises 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. Prioritising 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 81 and consolidated statement of profit or loss and other comprehensive income on page 82 of this annual report.

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

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 176 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 15 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 28 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

For the Reporting Period, there were no equity-linked agreements entered into during the year or subsisting at 31 December 2025 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.

REPORT OF THE DIRECTORS

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 2024 and 2025, the Company did not have any treasury shares.

PRE-EMPTIVE RIGHTS

As at 31 December 2025, 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.

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in note 29 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2025, 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 2024: 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 12.7% (the Corresponding Period: 19.8%) of the total revenue of the Group with the top customer contributing to 2.6% (the Corresponding Period: 4.1%) of the Group's revenue. The Group is principally engaged in (i) digital Internet platform business, which includes social commerce platform and business ecosystem collaboration platform, (ii) digital content ecosystem business, which encompasses game development and distribution, film and television production, as well as digital marketing, and (iii) financial technology services business, which involves providing commercial factoring and other financing services. 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.

REPORT OF THE DIRECTORS

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 33 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 2025 (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) (“**Bosheng Huifeng**”), 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 Bosheng Huifeng solely for the purpose to acquire the entire equity interest in Tianjin Guanchuang Mei Tong Electronic Commerce Limited* (天津冠創美通電子商務有限公司) (“**TJGCMT**”) (the “**TJGCMT Acquisition**”). As at 31 December 2021, an aggregate amount of RMB576 million, representing 80% of the Consideration, was advanced to Bosheng Huifeng to pay for the Consideration (the “**Prepayment**”). Bosheng Huifeng will use 90% of the dividends arising from its interest in TJGCMT to repay the loan and Bosheng Huifeng undertakes that if the completion of the TJGCMT Acquisition does not take place, Bosheng Huifeng 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 2025 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 22 to 23 under the section headed “Management Discussion and Analysis” in this annual report.

As at 31 December 2025, the aggregate amount of RMB576 million advanced to Bosheng Huifeng exceeded 21.0% 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.

REPORT OF THE DIRECTORS

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 Mega Bright Capital Resources Limited (“**Mega Bright**”) entered into a new factoring service framework agreement (the “**Factoring Service Framework Agreement**”) on 27 November 2024 to renew the framework for the provision of the connected factoring loans to the connected factoring loan borrowers for the three years ending 31 December 2027. The principal terms of the Factoring Service Framework Agreement are as follows:

Parties: (i) The Company

(ii) Mega Bright

Term: From 1 January 2025 to 31 December 2027 (both days inclusive)

Subject: Pursuant to the Factoring Service Framework Agreement, members of the Group may grant commercial factoring loans to (i) associates of Mr. Wong Kwong Yu (“**Mr. Wong**”) and/or Ms. Du Juan (“**Ms. Du**”, wife of Mr. Wong) (both are the controlling shareholders of the Company) and (ii) deemed connected persons of the Company who are connected with Mr. Wong and/or Ms. Du (collectively the “**Connected Factoring Loan Borrowers**”) from time to time, which are conditional upon transfer of the relevant accounts receivable or other trade receivables of the Connected Factoring Loan Borrowers to the Group. 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. The interest rate for each commercial factoring loan under the Factoring Service Framework Agreement will be determined by the parties based on arm's length negotiations with reference to prevailing market interest rate and credit risk of the Connected Factoring Loan Borrower, which is expected to range from 6% to 9% per annum.

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 (the “**Connected Factoring Loans**”) to not more than RMB34,000,000, RMB36,000,000 and RMB39,000,000 for the year ended 31 December 2025 and for the years ending 31 December 2026 and 2027, respectively.

REPORT OF THE DIRECTORS

- (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 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
RMB550,000,000	RMB600,000,000	RMB650,000,000

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 RMB531,500,000 (2024: approximately RMB479,500,000) and RMB26,654,000 (2024: RMB29,338,000), respectively. Other details of the Factoring Service Framework Agreement have been disclosed in the announcement of the Company dated 27 November 2024 and the circular of the Company dated 3 January 2025.

Reasons for entering into the Factoring Service Framework Agreement

The commercial factoring business is the main source of income for the Group. The Group's factoring business has grown steadily and has accumulated rich credit risk management capabilities with sufficient funds for lending. The Group aims (i) to ensure the continued steady growth of its existing factoring business; (ii) to meet the growing demand of the Connected Factoring Loan Borrowers; and (iii) to enhance the Group's overall profitability. Therefore, the Company has entered into the Factoring Service Framework Agreement which can provide a framework to regulate the provision of commercial factoring loans by the Group to the Connected Factoring Loan Borrowers for the year ended 31 December 2025 and for the years ending 31 December 2026 and 2027.

Information on the VIE Contractual Arrangements

The Group has been operating certain businesses which adopt contract-based arrangements and/or structures, including the Beijing Liheng Contractual Arrangements, the Beijing Yiheng Contractual Arrangements and the Beijing Jiayu Contractual Arrangements (collectively referred to the "**VIE Contractual Arrangements**") for the purpose of enabling the Group, as a foreign investor, to control and benefit from the PRC operating companies ("**OPCO**") in the foreign restricted businesses in the PRC.

Set out below are the details of the VIE Contractual Arrangements.

REPORT OF THE DIRECTORS

1. *The Acquisition of Beijing Liheng*

1.1. *Particulars of OPCO and its registered owners*

On 28 August 2024, 賦勤(寧波)科技有限公司 (Fuqin (Ningbo) Technology Co., Ltd.*) (“**Fuqin (Ningbo)**”) (a company established 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 established 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 have been consolidated in the results of the Group as if Beijing Liheng is a subsidiary of the Company.

1.2. *Description of OPCO’s business activities and their significance to the Group*

The Beijing Liheng Group is 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資訊服務業務經營許可證) and ICB license (網絡文化經營許可證). Key financial indicators of the Beijing Liheng Group are set out in paragraph 1.3 below.

1.3. *Revenue and assets subject to the Beijing Liheng Contractual Arrangements*

For the Reporting Period, the Beijing Liheng Group’s revenue amounted to RMB13.6 million, representing approximately 3.3% of the total revenue of the Group. As at 31 December 2025, the assets that were subject to the Beijing Liheng Contractual Arrangements amounted to RMB155.3 million, representing approximately 5.7% of the total assets of the Group.

1.4. *Reasons for and benefits of 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 AI, 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.

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資訊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資訊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資訊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.

REPORT OF THE DIRECTORS

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.

2. The Acquisitions of Beijing Yiheng and Beijing Jiayu

2.1. Particulars of OPCO and its registered owners

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 established 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 established 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 have been consolidated in the results of the Group as if Beijing Yiheng is a subsidiary of the Company.

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 company established 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 established 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 Chongda 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 have been consolidated in the results of the Group as if Beijing Jiayu is a subsidiary of the Company.

2.2. Description of OPCO’s business activities and their significance to the Group

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 as well as online content development in the PRC. As at the date of this annual report, Beijing Yiheng’s subsidiary holds the Radio and Television Program Production and Operation License《廣播電視節目製作經營許可證》and the Value-added Telecommunications Business Operating License (Internet Information Service)《增值電信業務經營許可證》(互聯網資訊服務業務).

REPORT OF THE DIRECTORS

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) 共域通兌(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 Value-added Telecommunications Business Operating License《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. Key financial indicators of the Beijing Yiheng Group and the Beijing Jiayu Group are set out in paragraph 2.3 below.

2.3. Revenue and assets subject to the contractual arrangements

For the Reporting Period, the Beijing Yiheng Group's revenue amounted to RMB5.4 million, representing approximately 1.3% of the total revenue of the Group. As at 31 December 2025, the assets that were subject to the Beijing Yiheng Contractual Arrangements amounted to RMB9.8 million, representing approximately 0.4% of the total assets of the Group.

For the Reporting Period, the Beijing Jiayu Group's revenue amounted to RMB53,000. As at 31 December 2025, the assets that were subject to the Beijing Jiayu Contractual Arrangements amounted to RMB6.7 million, representing approximately 0.2% of the total assets of the Group.

2.4. Reasons for and benefits of entering into the Beijing Yiheng VIE Contracts and the Beijing Jiayu VIE Contracts

The Directors are of the opinion that in today's increasingly competitive economic environment, technological advancements in chip design are enhancing computational power, while fields such as AI and blockchain are rapidly developing. The Group has made significant strides by strategically upgrading its diverse interactions through the deployment and integration of Internet-based social product applications. Through the acquisitions of the VIE OPCO Groups (as defined below), the Group will gain access to the core capabilities and Internet systems of a universal redemption business. This system, which is based on a membership points framework among merchants, facilitates the sharing of members across different businesses, effectively breaking down operational barriers. It will also drive more customer traffic to the Group's Internet product applications, thereby enriching its customer base. Furthermore, the Group has introduced an innovative media platform that focuses on the production and distribution of web series and micro-short films. This initiative broadens the ecosystem of the Group's Internet applications and fosters mutually beneficial cooperation among the Company, partners, corporate clients, and individual customers. The Directors believe that the acquisition of the Beijing Yiheng Group and the Beijing Jiayu Group will enable the Group to expand into new business lines, further strengthening the Group's "social + commercial" strategic framework. This will provide the Group with additional business opportunities, enhance its competitiveness and resilience to risks, and ultimately create greater returns for the shareholders.

REPORT OF THE DIRECTORS

As advised by the PRC legal adviser of the Company (the “**PRC Legal Adviser**”), (i) the publication of online dramas and micro-short films and other content on the Internet by the Beijing Yiheng Group involves B25 information service business (Internet information service), which is value-added telecommunications services falling under the “restricted” categories according to the Special Management Measures for the Market Entry of Foreign Investment (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單)》(2024年版)) (the “**Negative List**”) as promulgated and amended from time to time jointly by the Ministry of Commerce of the PRC and the National Development and Reform Commission, so the investment percentage of the Company as a foreign investor shall not exceed 50% in Beijing Yiheng; and (ii) the production and publication of film and television carried out by the Beijing Yiheng Group fall under the “prohibited” categories according to the Negative List so the Company as a foreign investor is prohibited from holding equity interests in Beijing Yiheng. For B25 information service business (Internet information service), the PRC Legal Adviser had made verbal enquiries with the Ministry of Industry and Information Technology of the PRC, and was informed that (i) B25 information service business (Internet information service) is restricted business and the investment ratio of foreign investors shall not exceed 50%; and (ii) there are currently no restrictions on the arrangements under the Beijing Yiheng VIE Contracts. For the business of the production and publication of film and television, the PRC Legal Adviser had also made verbal enquiries with Beijing Municipal Bureau of Radio and Television, and was informed that (i) foreign investment in a holder of 《廣播電視節目製作經營許可證》(i.e. the Beijing Yiheng Group) is prohibited; and (ii) the Beijing Yiheng VIE Contracts are not subject to review or approval by the broadcasting, film and television regulatory authorities.

As advised by the PRC Legal Adviser, according to the Negative List 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)), the B25 information service business (Internet information service) carried out by the Beijing Jiayu Group is value-added telecommunications services falling under the “restricted” categories, so the investment percentage of the Company as a foreign investor shall not exceed 50% in Beijing Jiayu. The PRC Legal Adviser had made verbal enquiries with the Ministry of Industry and Information Technology of the PRC and was informed that (i) the B25 information service business (Internet information service) is restricted business and the investment ratio of foreign investors shall not exceed 50%; and (ii) there are currently no restrictions on the arrangements under the Beijing Jiayu VIE Contracts.

The Company will unwind the Beijing Yiheng VIE Contracts and the Beijing Jiayu VIE Contracts as soon as the relevant PRC laws and regulations allow Beijing Hengmei to register itself as the shareholder of Beijing Yiheng or Beijing Chongda Zhixing to register itself as the shareholder of the remaining 50% equity interest in Beijing Jiayu and the business of any the Beijing Yiheng Group or the Beijing Jiayu Group is no longer a restricted or prohibited 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 Yiheng VIE Contracts and the Beijing Jiayu VIE Contracts are subject to.

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3. *Material Terms of the Beijing Liheng VIE Contracts, the Beijing Yiheng VIE Contracts and the Beijing Jiayu VIE Contracts*

A summary of the material terms of the Beijing Liheng VIE Contracts, the Beijing Yiheng VIE Contracts and the Beijing Jiayu VIE Contracts (collectively referred to the “**VIE Contracts**”) is set out below:

For simplicity, the following expressions shall have the following meanings:

- Beijing Liheng, Beijing Yiheng and Beijing Jiayu are collectively referred to “**VIE OPCOs**”, and “**VIE OPCO**” means any of them;
- Fuqin (Ningbo), Beijing Hengmei and Beijing Chongda Zhixing are collectively referred to “**WFOEs**”, and “**WFOE**” means any of them;
- the Beijing Liheng PRC Registered Shareholders, the Beijing Yiheng PRC Registered Shareholders and the Beijing Jiayu PRC Registered Shareholder are collectively referred to “**PRC Registered Shareholder(s)**” and “**PRC Registered Shareholder**” means any of them; and
- the Beijing Liheng Group, the Beijing Yiheng Group and the Beijing Jiayu Group are collectively referred to the “**VIE OPCO Groups**” and the “**VIE OPCO Group**” means any of them.
- *Exclusive Business Cooperation Agreement:* VIE OPCO agreed to engage WFOE as the exclusive service provider to provide VIE OPCO with technical support and consulting services within the business scope of VIE OPCO, 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**”). VIE OPCO agreed to pay its entire net income to WFOE as service fees for the Services on a yearly basis. Without the prior written consent of WFOE, VIE OPCO 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 PRC Registered Shareholder(s) irrevocably granted to WFOE (or any person(s) designated by WFOE), the exclusive option(s) to purchase, to the extent permitted by the PRC laws and regulations, the PRC Registered Shareholder(s)’ equity interests (entirely or partially) in VIE OPCO. The aggregate consideration for the exercise of the option(s) shall be an amount equivalent to the corresponding registered capital of VIE OPCO 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 (the “**Agreed Price**”). Pursuant to the Exclusive Call Option Agreement, the PRC Registered Shareholder(s) shall reimburse WFOE (or any person(s) designated by WFOE) any consideration paid by WFOE (or any person(s) designated by WFOE) to the PRC Registered Shareholder(s). WFOE may exercise such option(s) at any time until it or the person(s) designated by it has acquired the entire equity interests in VIE OPCO.

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- *Equity Pledge Agreement:* The PRC Registered Shareholder(s) pledged all of their equity interests in VIE OPCO in favour of WFOE (including any equity interests subsequently acquired) to secure performance of the PRC Registered Shareholder(s)' and VIE OPCO's obligations under the VIE Contracts. Each PRC Registered Shareholder undertakes to WFOE, among other things, not to transfer his interests in VIE OPCO and not to create any encumbrance thereon without WFOE's prior written consent. In the event that any of the PRC Registered Shareholder(s) or VIE OPCO fails to perform its obligations under the VIE Contracts, WFOE will have the right to dispose of its right of pledge under the Equity Pledge Agreement.
- *Power of Attorney:* Each PRC Registered Shareholder irrevocably authorised WFOE, among other things, to exercise all of its rights and powers as shareholders of VIE OPCO, including but not limited to: (i) convening and holding general meetings of VIE OPCO, 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 VIE OPCO; (iii) nominating, electing, appointing and removing the legal representative, directors, supervisors, general manager, and other senior management personnel of VIE OPCO; and (iv) signing, submitting and filing documents with the relevant government authorities. The above powers must be exercised by officers or directors of WFOE who are not the PRC Registered Shareholder(s).
- *Spousal Confirmations:* Each of the spouse(s) of the PRC Registered Shareholder(s) unconditionally and irrevocably confirmed, among others, that (i) all the equity interests held by the relevant PRC Registered Shareholder in VIE OPCO belongs to such PRC Registered Shareholder and the spouse shall have no claim; (ii) any pledge, sale or disposal of such equity interests pursuant to the relevant VIE Contracts does not require the consent of the spouse; (iii) any amendment of any of the VIE Contracts does not require the signing, confirmation and consent of the spouse; and (iv) if she acquires any equity interest in VIE OPCO for any reason, they shall be bound by the VIE Contracts (if and as applicable).
- *The Loan Agreement:* WFOE agreed to advance loan(s) to VIE OPCO from time to time upon request to support the VIE OPCO Group's business operations. The interest rate of the loan(s) advanced to the VIE OPCO Group will be determined in accordance with the prevailing market conditions.

4. Risks relating to the VIE Contractual Arrangements and the actions taken by the Company to mitigate the risks

The following risks are associated with the VIE Contractual Arrangements. Further details of the risks were set out in the announcements of the Company dated 28 August 2024 and 18 March 2025.

- There is no assurance that the VIE Contracts could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the VIE Contracts do not comply with applicable regulations.
- The VIE Contracts may not be as effective as direct ownership in providing control over VIE OPCOs.

REPORT OF THE DIRECTORS

- The PRC Registered Shareholders may potentially have a conflict of interests with the Group.
- The VIE Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed.
- Certain terms of the VIE Contracts may not be enforceable under the PRC laws.
- A substantial amount of costs and time may be involved in transferring the ownership of VIE OPCOs to the Group under the Exclusive Call Option Agreements.
- The Company does not have any insurance which covers the risks relating to the VIE Contracts and the transactions contemplated thereunder.
- The Group may bear economic risk which may arise from difficulties in the operation of the VIE OPCO Groups.
- Uncertainties exist with respect to the interpretation and implementation of the newly enacted Foreign Investment Law and its impact on the viability of the VIE Contractual Arrangements.

5. Measures adopted by the Company to mitigate against any potential risk arising from the Foreign Investment Law and the Implementation Regulations

The Foreign Investment Law was approved by the National People's Congress of the PRC on 15 March 2019 and came into effect on 1 January 2020 and the Implementation Regulations was adopted by the State Council and came into effect on 1 January 2020. As aforementioned, there are uncertainties with respect to the interpretation and implementation of the Foreign Investment Law and the Implementation Regulations, and the Board will closely monitor the development of the Foreign Investment Law and the Implementation Regulations with the help of the PRC Legal Adviser, including but not limited to any new negative list issued by the State Council, or any future laws, administrative regulations or provisions prescribed by relevant PRC government authorities.

The Company will continue to monitor and discuss with its PRC Legal Adviser in order to assess any possible impact arising from the development of the Foreign Investment Law and the Implementation Regulations on the VIE Contractual Arrangements and the business operation of the Group.

Since VIE OPCOs are accounted as if they are subsidiaries of the Company upon entering into the VIE Contracts, and each of the PRC Registered Shareholder is a connected person of the Company, the transactions contemplated under the VIE 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 and 10% by Mr. Song, Beijing Yiheng is owned as to 90% by Mr. Zhou and 10% by Mr. Song, and Beijing Jiayu is owned as to 50% by Mr. Song and 50% by a non- wholly owned subsidiary of the Company, both Mr. Zhou and Mr. Song are executive Directors, Beijing Liheng, Beijing Yiheng and Beijing Jiayu are associates of connected persons of the Company and the provision of financial assistance by Fuqin (Ningbo) to Beijing Liheng, Beijing Hengmei to Beijing Yiheng and Beijing Chongda Zhixing to Beijing Jiayu under their respective Loan Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

REPORT OF THE DIRECTORS

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 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 VIE OPCOs to WFOEs under the Exclusive Business Cooperation Agreement and the principal amount of loans to be advanced to VIE OPCOs or the interest payable by VIE OPCOs under their respective Loan Agreement.

6. **Material change**

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

7. **Termination of the VIE Contractual Arrangements**

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

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.

DIRECTORS

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

Executive Directors:

Mr. Zhou Yafei (*Chairman*) (*appointed as Chairman with effect from 18 March 2025*)
Mr. Song Chenxi

Non-executive Directors:

Ms. Wei Ting
Ms. Wu Qian

Independent Non-executive Directors:

Mr. Mak Yau Kee Adrian
Professor Japhet Sebastian Law
Professor Huang Song

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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, Ms. Wei Ting, Mr. Mak Yau Kee Adrian and Professor Japhet Sebastian Law 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 27 to 29 of this annual report. The Board considers the executive Directors of the Company to be the senior management of the Company.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors are set out below:

Ms. Wei Ting ceased to be a member of the Audit Committee and was appointed as a member of the Nomination Committee with effect from 30 June 2025.

Ms. Wu Qian was appointed as a member of the Audit Committee with effect from 30 June 2025.

Mr. Zhou Yafei ceased to be a member of the Nomination Committee with effect from 30 June 2025.

Professor Japhet Sebastian Law no longer serves as a member of the supervisory committee for Beijing Capital International Airport Company Limited, a company listed on the Stock Exchange (stock code: 00694), with effect from September 2025.

Save as disclosed above, as at the date of this annual report, the Company is not aware of any change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 10 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.

REPORT OF THE DIRECTORS

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 2025, 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 2025, 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 2025, 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:

REPORT OF THE DIRECTORS

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”)	Interest in a controlled corporation	1,653,073,872	31.78	1
	Spousal 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
	Spousal interest	1,653,073,872	31.78	2
Richlane Ventures Limited (“Richlane”)	Beneficial owner	295,512,312	5.68	3
Mr. Ko Chun Shun, Johnson (“Mr. Ko”)	Beneficial owner	5,000,000	0.1	3
	Interest in a controlled corporation	295,512,312	5.68	3
	Interest in a controlled corporation	38,978,000	0.75	3
Hongkong Mingrun Business Co., Limited (“Mingrun Business”)	Beneficial owner	314,713,659	6.05	4
Ms. Luo Minjing (“Ms. Luo”)	Interest in a controlled corporation	314,713,659	6.05	4

Notes:

- 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.

REPORT OF THE DIRECTORS

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 was also deemed to be interested in 334,490,312 Shares by virtue of the SFO, 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 Ms. Luo wholly and beneficially owned Mingrun Business, she 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 2025, the total number of issued Shares was 5,201,123,120 Shares.

Save as disclosed above, as at 31 December 2025, 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 date of this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to Bye-law 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 10 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 54 to 74 of this annual report.

REPORT OF THE DIRECTORS

AUDITOR

The consolidated financial statements of the Company for the Reporting Period have been audited by Baker Tilly Hong Kong Limited (“**Baker Tilly**”) whose terms of office will expire at 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, 27 March 2026

RISK FACTORS

The Group is principally engaged in (i) digital Internet platform business, which includes social commerce platform and business ecosystem collaboration platform, (ii) digital content ecosystem business, which encompasses game development and distribution, film and television production, as well as digital marketing, and (iii) financial technology services business, which involves providing commercial factoring and other financing services. 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.

RISK FACTORS

The Group continuously invests in risk control by establishing specialised teams or hiring localised 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 characterised by intense market competition and rapid product iterations. The rapid development of cutting-edge technologies related to AI 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 homogenisation, 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 minimise 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 20 and note 36 to the consolidated financial statements.

RISK FACTORS

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.

RISK FACTORS

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 specialised 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 12.7% (2024: 19.8%) 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 optimised. 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 civilised Internet ecosystem.

2.7 Risks associated with the prepayment for acquisition

Xinda Factoring, a subsidiary of the Company, entered into a loan agreement with Bosheng Huifeng in 2017 to provide a non-interest-bearing loan to Bosheng Huifeng 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 2025 and the date 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**”) contained 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 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the Reporting Period, the Company had complied with all code provisions as set out in Part 2 of the CG Code, except for deviation disclosed below.

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.

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 an operation management committee of the Company (the “**Operation Management Committee**”) which comprises the executive Directors during the Reporting Period. The Board considered that vesting the roles of the CEO in the Operation Management Committee can facilitate the execution of the Company’s business strategies and maximise effectiveness of its operation. However, the Board will review the management structure from time to time and consider 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. No incident of non-compliance with the Model Code by the Company’s relevant employees has been noted for the Reporting Period after making reasonable enquiry.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The composition of the Board during the Reporting Period and up to the date 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

Independent Non-Executive Directors

Mr. Mak Yau Kee Adrian

Professor Japhet Sebastian Law

Professor Huang Song

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 operation management committee. 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 this annual report are set out in the section of "Biographical Details of Directors and Senior Management" on pages 27 to 29 of this annual report. None of the members of the Board is related to one another.

As at 31 December 2025 and up to the date 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.

CORPORATE GOVERNANCE REPORT

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

Chairman and CEO

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

The roles and responsibilities of the chairman and the CEO are set out as follows:

The Chairman is mainly responsible for:

- ensuring good corporate governance practices and procedures are established and upholding the highest standards of integrity, ethical conduct, and transparency across the Board.;
- overseeing the Board's composition, including succession planning for the Directors and the chairperson of each of the Board committees of the Company (the “**Board Committees**”);
- ensuring 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;
- ensuring appropriate steps are taken to provide effective communication with shareholders and their views are communicated to the Board as a whole;
- conducting annual evaluations of the Board, the Board Committees, and individual Directors, implementing improvements as needed;
- 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;
- 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;
- ensuring robust risk management frameworks and internal controls are in place, with regular reviews by the Board; and
- monitoring adherence to fiduciary duties and corporate policies by the Directors and the management.

CORPORATE GOVERNANCE REPORT

The CEO is responsible for, among other things:

- organising 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 and Workforce Diversity

The Board has revised its policy on board and workforce diversity (the “**Diversity Policy**”) with an aim of fostering a diverse and inclusive governance and working environment. Through diversity at both the Board and workforce levels, the Company seeks to enhance the quality of decision-making, stimulate innovation and vitality, strengthen corporate competitiveness, and ultimately maximise long-term value for the Company's shareholders (“**Shareholders**”) and all stakeholders.

The Company believes that implementing the Diversity Policy could achieve the convergence of perspectives from different backgrounds, thereby accelerating the identification of potential risks and opportunities; attracting, retaining, and motivating talents from various backgrounds; and reducing staff turnover. In addition, the Diversity Policy also enables the Company to enhance its sense of corporate social responsibility, elevates brand image, and increases market recognition.

A summary of the Diversity Policy is set out below:

I. **BOARD DIVERSITY**

(I) *Diversity Dimensions*

The Company is committed to promoting Board diversity across multiple dimensions, including but not limited to:

1. Gender: to prioritise to increase the proportion of female directors;
2. Age: to balance the experience and innovative thinking of directors across different age groups;
3. Professional Background: to cover areas of finance, law, industry operations, risk management, environmental, social, and corporate governance;
4. Cultural and Educational Background: to attract talents with different geographic, cultural and academic backgrounds; and
5. Length of Service: to ensure a balance between Board member rotation and experience succession.

CORPORATE GOVERNANCE REPORT

(II) Measurable Objectives

The Company has set the following objectives for gender diversity:

1. Short-term Objective (by 31 December 2027): the proportion of female directors shall not be less than 25%; and
2. Long-term Objective (by 31 December 2030): the proportion of female directors shall be progressively increased to 30%.

(III) Implementation Measures

1. The Responsibilities of Nomination Committee: the Company's nomination committee (the "**Nomination Committee**") shall annually review the composition of the Board to ensure a fair and transparent candidate selection process that attracts talent from diverse backgrounds;
2. Recruitment Channels: to identify candidates through various channels such as professional recruitment agencies, industry networks, and director appointment platforms, with a focus on female and minority candidates;
3. Talent Pool for Succession: to establish a diversified talent pool of potential director successors, regularly updating and assessing candidate qualification; and
4. Training for Incumbent Directors: to provide diversity awareness training to Directors to enhance their appreciation of diverse perspectives.

II. WORKFORCE DIVERSITY

(I) Diversity Dimension

The Company is committed to promoting diversity among all staff (including senior management), with focus on:

1. Gender: to promote a balanced ratio of male and female staff;
2. Age: to support career development for staff across different age groups;
3. Competency and Background: to attract talents with different skills, educational qualifications and geographic backgrounds; and
4. Inclusive Culture: to foster a non-discriminatory work environment that respects differences.

CORPORATE GOVERNANCE REPORT

(II) Measurable Objectives

1. Gender Objective for Senior Management (by 31 December 2028): the proportion of female senior management members shall not be less than 15%;
2. Overall Staff Objective: to progressively increase the proportion of female staff within workforce to build a diverse and inclusive team that fully leverages the value of different genders, professional backgrounds, geographic and cultural perspectives; and
3. Other Dimensions: to gradually increase the proportion of staff from minority groups in key positions (e.g., technical and management position).

(III) Implementation Measures

1. Recruitment Fairness: to clearly promote diversity in recruitment advertisements and avoid discriminatory language based on gender, age etc.;
2. Training and Promotion: to provide equal training and promotion opportunities for female and minority staff, and establish a female leadership development program;
3. Work-Life Balance: to implement policies such as flexible working arrangements and parental leave to support staff in balancing work and family commitments; and
4. Diversified Culture Development: to regularly organise diversity-themed activities to enhance the awareness of staff of an inclusive culture.

(IV) Diverse Succession Pipeline

1. Establishing a Diverse High-Potential Talent Pool: to identify staff with technical skills and experience who have the potential to assume senior management and directorship roles (with focus on staff from diverse backgrounds);
2. Implementing Targeted Program: to incorporate leadership training, cross-departmental job rotation, mentorship appointments and other initiatives to support the growth of high-potential staff; and
3. Results Reporting: to regularly assess the effectiveness of the program (e.g. the proportion of diversity enhancement at senior management levels) and disclose the results in the Company's annual corporate governance report (the "**CG Report**").

CORPORATE GOVERNANCE REPORT

III. REVIEW MECHANISM

The Nomination Committee, in conjunction with relevant departments or external consultants, shall review the implementation progress of the Diversity Policy on an annual basis, and analyse the progress in Board diversity, gender ratios among staff (categorised by senior management/all staff), and the outcomes of the diverse succession pipeline initiative, assess the achievement of objectives, and submit a report to the Board. The review results and improvement measures shall be disclosed in the CG Report.

The Company is committed to progressively advancing the implementation of the Diversity Policy, covering dimensions such as gender, age, cultural and educational background, professional experience and capabilities, and integrated diversity into the Company's strategy and daily operations, with the principle of diversity and inclusion being embedded from the Board level through to all staff. At 31 December 2025, the gender ratio of the directors, senior management and the workforce (excluding senior management) is set out as follows:

	Directors		Senior Management		Workforce (excluding Senior Management)	
Male	5	71.4%	27	87.1	189	64.3
Female	2	28.6%	4	12.9	105	35.7
Total	7	100.0%	31	100.0%	294	100.0%

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 Directors 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 diversity, 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 five meetings held by the Board and the Company's annual general meeting ("AGM") was held on 27 June 2025. 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	✓	5/5
Mr. Song Chenxi	✓	5/5
Non-Executive Directors		
Ms. Wei Ting	✓	5/5
Ms. Wu Qian	✓	5/5
Independent Non-Executive Directors		
Mr. Mak Yau Kee Adrian	✓	5/5
Professor Japhet Sebastian Law	✓	5/5
Professor Huang Song	✓	5/5

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.

CORPORATE GOVERNANCE REPORT

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 the minutes of Board meetings and Board Committees meetings are generally taken in sufficient detail, including the matters considered, decisions reached, concerns raised by Directors and dissenting views expressed at the meetings. 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 CG Code and the relevant statutory and regulatory requirements.

CORPORATE GOVERNANCE REPORT

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 (<i>Chairman</i>)	✓	✓
Mr. Song Chenxi	✓	✓
Non-Executive Directors		
Ms. Wei Ting	✓	✓
Ms. Wu Qian	✓	✓
Independent Non-Executive Directors		
Mr. Mak Yau Kee Adrian	✓	✓
Professor Japhet Sebastian Law	✓	✓
Professor Huang Song	✓	✓

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;
- (e) to review and monitor the Company's financial controls, internal control and risk management systems; and
- (f) to review the Company's compliance with the CG Code and disclosure in the CG Report.

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 five committees, namely the remuneration committee (the “**Remuneration Committee**”), the Nomination Committee, the audit committee (the “**Audit Committee**”), the strategy committee (the “**Strategy Committee**”) and the Operation Management Committee as at 31 December 2025. The terms of reference of the Remuneration Committee, the Nomination Committee and the Audit Committee of the Company are available on the websites of the Company and the Stock Exchange.

REMUNERATION COMMITTEE

As at 31 December 2025 and the date 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 two meetings held by the Remuneration Committee to review and make recommendation on the remuneration packages of the Directors, the chairman of the Board and the senior management.

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 10 and 11 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

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

	2025	2024
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 (<i>Chairman</i>)	2/2
Ms. Wei Ting	2/2
Professor Huang Song	2/2

NOMINATION COMMITTEE

As at 31 December 2025 and the date 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 non-executive Director, namely Ms. Wei Ting.

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 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;

CORPORATE GOVERNANCE REPORT

- (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 and length of service;
- (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 and Workforce Diversity" above, the Board has adopted the 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 two meetings held by the Nomination Committee to (i) review the structure, size and composition of the Board; (ii) nominate 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 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 2025, the Company considers that it has achieved gender diversity at the Board level and targets to further improve the current level of female representation.

CORPORATE GOVERNANCE REPORT

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 (<i>Chairman</i>)	2/2
Professor Huang Song	2/2
Ms. Wei Ting (appointed on 30 June 2025)	0/0
Mr. Zhou Yafei (ceased to be a member on 30 June 2025)	2/2

AUDIT COMMITTEE

The Audit Committee was established in accordance with Rule 3.21 of the Listing Rules. As at 31 December 2025 and the date 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. Wu Qian.

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 five 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 Audit Committee has reviewed the audited consolidated financial statements and the annual results announcement of the Company for the year ended 31 December 2025, before proposing them to the Board for approval. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with members of the senior management and the Company's auditor. Based on the review and discussions with the management, the Audit Committee was satisfied that the Group's audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the Reporting Period.

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.

CORPORATE GOVERNANCE REPORT

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 (<i>Chairman</i>)	5/5
Professor Japhet Sebastian Law	5/5
Professor Huang Song	5/5
Ms. Wu Qian (appointed on 30 June 2025)	3/3
Ms. Wei Ting (ceased to be a member on 30 June 2025)	2/2

STRATEGY COMMITTEE

As at 31 December 2025 and the date 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 Ms. 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, reviewing the environmental, social, and governance report and conducting studies and making recommendations on important matters that would affect the development of the Company.

OPERATION MANAGEMENT COMMITTEE

As at 31 December 2025 and the date of this annual report, the Operation Management Committee comprised Directors and senior management and heads of principal subsidiaries. Core members include two executive Directors, namely Mr. Zhou Yafei (Chairman) and Mr. Song Chenxi, two non-executive Director, namely Ms. Wei Ting and Ms. Wu Qian.

The principal duties of the Operation Management Committee include leading the management team to execute the strategies and plans set by the Board, organising and managing the Group's business and coordinating day-to-day operations to ensure the effective implementation of strategic objectives.

COMPANY SECRETARY

As at 31 December 2025 and the date of this annual report, Mr. Chor Ngai ("**Mr. Chor**") was the company secretary of the Company (the "**Company Secretary**"). Mr. Chor reports to chairman of the Board and is primarily responsible for financial strategy, investor relations and company secretarial matters of the Group. He had complied with Rule 3.29 of the Listing Rules in respect of professional training during the Reporting Period.

CORPORATE GOVERNANCE REPORT

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 2025	For the year ended 31 December 2024
Annual auditing service	RMB1,450,000	RMB1,380,000
Interim results review service	RMB160,000	RMB160,000
Major transaction and continuing connected transaction review service	N/A	HKD850,000
Internal control review service	N/A	HKD130,000
Information technology audit review service	N/A	HKD170,000
Environmental, social and governance reporting service	HKD85,000	HKD76,000

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 81 to 175 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 75 to 80 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 its internal audit department.

CORPORATE GOVERNANCE REPORT

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 — Prioritisation 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.

Responsibilities of the Internal Control Department

During the Reporting Period, the Company established its own internal control department to review the operational effectiveness of its risk management and internal control systems. Staff of the internal control department conduct 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. The establishment of the internal control department aims to more effectively identify and manage risks, thereby minimising potential harm to the Company. Ultimately, this will help protect the interests of the Group and its stakeholders. The internal control department will perform risk management and internal control reviews twice a year.

Annual Review

The Board, supported by the Audit Committee and the internal control department, conducts a comprehensive annual review of the risk management and internal control systems. The major scope of review is set out as follows:

1. Digital Content Ecosystem Business
 - revenue, trade receivable, and collections for game development and content publishing
 - procurement, expenses, and payments for game development and content publishing
 - general controls for information systems, including the Business Intelligence (BI) system

CORPORATE GOVERNANCE REPORT

2. Digital Internet Platform Business;
 - revenue, trade receivable, and collections
 - research and development, along with intangible asset management
 - general controls for information technology systems related to the “Tongtong APP”
3. Financial Technology Service Businesses
 - revenue, trade receivable, and collections
4. 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 2025 are effective and adequate, aligning with the Company’s risk appetite and strategic objectives. There was no significant control failings or weaknesses identified during the review of the risk management and internal control systems, which resulted in unforeseen outcomes or contingencies that have had a material impact on the Company’s financial performance or condition. Although 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.

The Board also considers that the resources for designing, implementing and monitoring the risk management and internal control systems and those relating to the Company’s environmental, social and governance performance and reporting are adequate.

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 apprised of the latest regulatory updates.

The Company has established a whistleblowing policy and system to employees, customers, suppliers and other persons dealing with the Group to raise concerns and complaints about possible breach of laws and regulations, corruption or improprieties to the Group’s supervision and audit related departments.

The Company has also established anti-money laundering system and anti-corruption policy which laid down list of practices to be observed by the employees of the Group that promote and support anti-corruption laws and regulations. Breaches of those practices are to be reported to the Group’s supervision and audit related departments be handled according to internal management system.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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 Company's website (www.00628hk.com).

The Company has also established a dedicated investor email address: 00628ir@gome.com.cn. Additionally, it has designated investor communication areas on platforms such as East Money Information Co., Ltd.* (東方財富信息股份有限公司) and Futu Securities International (Hong Kong) Limited (富途證券國際(香港)有限公司). These channels provide the Shareholders with an opportunity to express their opinions on matters affecting the Company and are part of the Company's efforts to gather and understand the views of the Shareholders and other key stakeholders. The Shareholders and major stakeholders can also communicate with the Company through offline channels, such as annual general meetings and investor seminars. These events allow them to provide feedback on relevant Company matters.

Information collected from the communications with the Shareholders across various channels will be logged by the Company's investor relations department. This log will categorise the information and assign urgency levels to each entry. The relevant departments will process these entries before providing feedback to the Shareholders. If there are any non-confidential questions or responses that require appropriate disclosure, the Company will promptly publish or respond to them on its website or other investor communication platforms. This process ensures transparency and compliance in the communications with the Shareholders while protecting the Shareholders' rights to be informed and involved.

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.

CORPORATE GOVERNANCE REPORT

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.

DIVIDEND POLICY

The Company acquired several new businesses in 2024 and 2025, some of which are still in their early stages of development. This has led to unstable profitability. As a result, the Board believes it is not appropriate to establish a formal dividend policy at this time. However, 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.

In view of the above, the Directors did not recommend the payment of any final dividend for the Reporting Period (the Corresponding Period: nil).

CONSTITUTIONAL DOCUMENTS

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

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of Tong Tong AI Social Group Limited

(Incorporated in the Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Tong Tong AI Social Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 81 to 175, which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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 ("HKSA") as 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"), as applicable to audits of financial statements of public interest entities. We have also 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment assessment of the operating right (the “Operating Right”) of Tianjin Guanchuang Mei Tong Electronic Commerce Limited (“TJGCMT”) and its subsidiaries (collectively referred to as “TJGCMT Group”)</i></p> <p>We identified the impairment assessment of the Operating Right of TJGCMT Group as a key audit matter because it represents a significant portion of the Group’s total assets and the determination of its recoverable amount involves a high degree of management estimates and judgements.</p> <p>As described in note 21 to the consolidated financial statements, the Group originally provided a loan to Beijing Bosheng Huifeng Business Consulting Co., Limited, a company of which 90% equity interest is owned by Ms. Du Juan, the controlling shareholder of the Company, for the acquisition of TJGCMT, which was recorded as a prepayment. On 31 October 2025, following the execution of a supplementary agreement and an exclusive entrusted management agreement, the Group obtained the Operating Right of TJGCMT Group. With effect from that date, the carrying amount of the prepayment of RMB368,000,000, net of previously recognised impairment of RMB208,000,000, is recognised as the cost of “Operating Right” in the consolidated statement of financial position.</p> <p>The Operating Right is considered to have an indefinite useful life and is tested for impairment annually. The management of the Group, with the assistance of independent external valuers, determined the recoverable amount using a value-in-use calculation based on a discounted cash flow forecast. This process requires significant judgements regarding key assumptions, including forecasting future cash flows expected to be generated from the TJGCMT Group and selecting an appropriate discount rate.</p> <p>These assumptions are highly sensitive to future market conditions in the PRC and the actual operating performance of TJGCMT Group. As disclosed in note 19 to the consolidated financial statements, the carrying amount of the Operating Right as at 31 December 2025 is RMB368,000,000, and no impairment loss was recognised for the year then ended.</p>	<p>Our procedures in relation to impairment assessment of Operating Right of TJGCMT Group included:</p> <ul style="list-style-type: none">– Reviewing the supplementary agreement and an exclusive entrusted management agreement to understand their key terms;– 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 management;– Assessing the reasonableness of the key assumptions made by the management in determining the recoverable amount of TJGCMT Group, 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 TJGCMT Group;– Testing the mathematical accuracy of the underlying value-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 Operating Right to be impaired.

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment assessment of goodwill and intangible assets</i>	
<p>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.</p> <p>The management of the Group conducted impairment assessments with the assistance of independent external valuer by evaluating the recoverable amount of each of the cash-generating units ("CGUs"), to which the goodwill and intangible assets are allocated, based on their value-in-use calculations using discount cashflow forecast.</p> <p>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.</p> <p>As disclosed in notes 17 and 18 to the consolidated financial statements, the carrying amounts of goodwill and intangible assets as at 31 December 2025 are RMB454,547,000 and RMB378,704,000, respectively. In the opinion of the directors of the Company, no impairment loss is recognised for the year ended 31 December 2025.</p>	<p>Our procedures in relation to impairment assessment of goodwill and intangible assets included:</p> <ul style="list-style-type: none">– 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 as 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 HKSA's 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 HKSA's, 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 consolidated 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Li Man Chun Jesse.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 27 March 2026

Li Man Chun Jesse

Practising certificate number P08302

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	412,249	264,100
Other income and other gains and losses	7	29,840	(15,527)
Marketing expenses		(259,282)	(120,227)
Administrative expenses		(159,160)	(55,960)
Provision for expected credit loss on trade and loans receivables, net		(1,502)	(3,466)
Finance costs	9	(5,557)	(1,150)
Operating profit		16,588	67,770
Profit before tax	8	16,588	67,770
Income tax expense	12	(6,376)	(9,264)
Profit for the year		10,212	58,506
Profit for the year attributable to:			
Owners of the Company		61,720	39,641
Non-controlling interests		(51,508)	18,865
		10,212	58,506
		RMB cents	RMB cents
Earnings per share			
– Basic	14	1.19	0.98

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Profit for the year	10,212	58,506
Other comprehensive (expense)/income for the year:		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	(26,640)	22,742
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(16,722)	7,054
	(43,362)	29,796
Total comprehensive (expense)/income for the year	(33,150)	88,302
Total comprehensive (expense)/income attributable to:		
Owners of the Company	30,140	64,305
Non-controlling interests	(63,290)	23,997
	(33,150)	88,302

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	15	1,249	1,320
Right-of-use assets	16	6,705	2,039
Goodwill	17	454,547	463,743
Intangible assets	18	378,704	286,695
Operating right	19	368,000	–
Prepayment	21	–	368,000
Deferred tax assets	27	3,960	3,596
Total non-current assets		1,213,165	1,125,393
Current assets			
Trade and loan receivables	20	1,470,228	1,326,021
Prepayments, deposits and other receivables	21	26,576	25,592
Cash and cash equivalents	22	27,355	130,485
Total current assets		1,524,159	1,482,098
Current liabilities			
Trade payables	23	35,555	23,552
Other payables and accruals	24	65,654	33,612
Contract liabilities	25	42,764	10,154
Tax payables		8,901	12,931
Lease liabilities	16	11,327	1,338
Total current liabilities		164,201	81,587
Net current assets		1,359,958	1,400,511
Total assets less current liabilities		2,573,123	2,525,904

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Deferred tax liabilities	27	1,449	1,371
Borrowings	26	140,983	58,954
Lease liabilities	16	1,329	512
Total non-current liabilities		143,761	60,837
Net assets			
		2,429,362	2,465,067
Equity			
Share capital	28	45,824	45,824
Reserves	29	2,255,118	2,224,978
Equity attributable to owners of the Company			
		2,300,942	2,270,802
Non-controlling interests			
	32	128,420	194,265
Total equity			
		2,429,362	2,465,067

Approved and authorised for issue by the board of directors on 27 March 2026 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 2025

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Reserves								
	Share capital	Share premium	Contributed surplus	Capital reserve	Exchange reserve	Accumulated losses	Total reserves		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2024	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 28)	(207,143)	-	207,143	-	-	-	207,143	-	-
Issuance of shares on acquisition of subsidiaries (note 28)	22,808	499,495	-	-	-	-	499,495	-	522,303
Acquisition of subsidiaries (note 31)	-	-	-	-	-	-	-	170,420	170,420
Capital reduction of non-controlling interest	-	-	-	-	-	-	-	(153)	(153)
At 31 December 2024 and 1 January 2025	45,824	2,444,096	727,981	87,072	24,782	(1,058,953)	2,224,978	194,265	2,465,067
Profit/(loss) for the year	-	-	-	-	-	61,720	61,720	(51,508)	10,212
Other comprehensive expense	-	-	-	-	(31,580)	-	(31,580)	(11,782)	(43,362)
Total comprehensive (expense)/income for the year	-	-	-	-	(31,580)	61,720	30,140	(63,290)	(33,150)
Acquisition of subsidiaries (note 31)	-	-	-	-	-	-	-	(2,555)	(2,555)
At 31 December 2025	45,824	2,444,096	727,981	87,072	(6,798)	(997,233)	2,255,118	128,420	2,429,362

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Profit before tax:		16,588	67,770
Adjustments for:			
Bank interest income	7	(947)	(5,266)
Finance costs	9	5,557	1,150
Provision for expected credit loss on trade and loan receivables, net	8	1,502	3,466
Depreciation of property, plant and equipment	8	589	33
Depreciation of right-of-use assets	8	7,879	1,267
Amortisation of intangible assets	8	33,415	12,553
Exchange (gains)/losses		(1,151)	96
Gain on early termination of lease contract	7	(371)	–
Gain on bargain purchase	7	(37)	–
Operating cash flows before movements in working capital		63,024	81,069
Increase in trade and loan receivables		(145,186)	(227,678)
Decrease/(increase) in prepayments, deposits and other receivables		8,801	(7,397)
Increase/(decrease) in trade payables		10,401	(4,756)
Increase in other payables and accruals		30,558	5,267
Increase in contract liabilities		24,110	9,899
Cash used in operations		(8,292)	(143,596)
Income tax paid		(10,654)	(8,660)
Net cash used in operating activities		(18,946)	(152,256)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from investing activities			
Purchases of property, plant and equipment		(518)	(947)
Additions to intangible assets		(126,733)	(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 Beijing Yiheng Acquisition	31(i)	2	–
Net cash flow from Beijing Jiayu Acquisition	31(ii)	607	–
Net cash flow from CashBox Acquisition	31(iii)	–	7,338
Net cash flow from Beijing Liheng Acquisition	31(iv)	–	1,000
Interest received		947	5,266
Net cash used in investing activities		(125,695)	(22,020)
Cash flows from financing activities			
New borrowings raised	37	69,425	–
Repayment of borrowings	37	(340)	–
Interest and other finance charges paid	37	(415)	(40)
Repayment of principal portion of lease liabilities	37	(1,390)	(1,457)
Capital reduction of non-controlling interest		–	(153)
Net cash from/(used in) financing activities		67,280	(1,650)
Effect of foreign exchange rate changes		(25,769)	22,028
Net decrease in cash and cash equivalents		(103,130)	(153,898)
Cash and cash equivalents at beginning of year		130,485	284,383
Cash and cash equivalents at end of year, representing by			
Cash and bank balances	22	27,355	130,485

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1 CORPORATE AND GROUP INFORMATION

Tong Tong AI Social Group Limited (“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. 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) digital internet platform business, which includes social commerce platform and business ecosystem collaboration platform; (ii) digital content ecosystem business, which encompasses game development and distribution, film and television production, as well as digital marketing; and (iii) financial technology services business, which involves providing commercial factoring and other financial 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		Principal activities
			2025 (%)	2024 (%)	
Ability Wealth Holdings Limited	British Virgin Islands	HKD390,000 Ordinary	100 [#]	100 [#]	Investment holding
Guangzhou City Yuenqian Investment Consultancy Limited Liability Company*	People’s Republic of China (“The PRC”)	RMB500,596,100 Registered capital	100	100	Consultation service
Gome Xinda Commercial Factoring Limited* (“Xinda Factoring”)	The PRC	RMB299,310,000 Registered capital	100	100	Commercial factoring service
Gome Wangjin (Beijing) Technology Co., Ltd.*	The PRC	RMB50,000,000 Registered capital	100	100	Financial information service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2025 (%)	2024 (%)	
CashBox Group Technology (Hong Kong) Limited (“CashBox”)	Hong Kong	HK\$10,000 Ordinary	27.7	27.7	Provision of online advertising services and top-up services
Beijing Liheng Enterprise Management Co., Ltd. (“Beijing Liheng”)	The PRC	RMB1,000,000 Registered capital	26[^]	26 [^]	Investment holding
Hainan Tongtong Intelligent Technology Co., Ltd.**	The PRC	RMB5,000,000 Registered capital	26[^]	26 [^]	Provision of value-added telecommunication services
Lehuopai (Beijing) Technology Co., Ltd.**	The PRC	RMB10,000,000 Registered capital	26[^]	26 [^]	Provision of online data processing, transaction processing
Lehuopai (Hangzhou) Technology Co., Ltd**	The PRC	RMB5,000,000 Registered capital	26[^]	26 [^]	Provision of online data processing, transaction processing
Beijing Chongda Zhixing Technology Co., Ltd.*&**	The PRC	RMB100,000 Registered capital	26[^]	–	Provision of value-added telecommunication services
Beijing Hengmei Zhuosheng Technology Co., Ltd.*&***	The PRC	RMB1,000,000 Registered capital	51	–	Provision of film and television production and digital marketing

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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 2025 and 2024 or formed a substantial portion of the net assets of the Group as at 31 December 2025 and 31 December 2024. 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 an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as 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 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard 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 ²
Amendments to HKFRS 9 and HKFRS 7 Amendments to HKFRS 10 and HKAS 28	Contracts Referencing Nature-dependent Electricity ² 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 ²
HKFRS 18 HKFRS 19	Presentation and Disclosure in Financial Statements ³ Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³

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 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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 new and 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 consolidated 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 “Financial Instruments” 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 “Financial Instruments: Disclosures” 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (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. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

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 as 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 consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (continued)

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.

Operating right

Operating right with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses. The operating right is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of the operating right, measured as the difference between the net disposal proceeds and the carrying amount of the operating right, are recognised in profit or loss when the operating right is derecognised.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 Leases 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

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 incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on the loan prime rate in the PRC as the reference input.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications (continued)

The Group accounts for a lease modification as a separate lease if: (continued)

- 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, operating right 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, and 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). Operating right, 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, operating right 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 loss (“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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments and other financial assets (continued)

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.

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 passthrough 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments and other financial assets (continued)

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).

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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments and other financial assets (continued)

Impairment of financial assets (continued)

General approach (continued)

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

- 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments and other financial assets (continued)

Impairment of financial assets (continued)

General approach (continued)

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
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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 181-365 days
Loss	Past due over 365 days

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments and other financial assets (continued)

Impairment of financial assets (continued)

Simplified approach (continued)

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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, trade payables, other payables and accruals, or 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial liabilities (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Cash and cash equivalents (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income tax (continued)

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.

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 “Income Taxes” 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

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.

Digital content service income

Revenue from platform-based digital content services, including fixed-fee contracts such as monthly fees for managing official accounts, content planning, posting, user interaction and monitoring of social media platforms, is recognised over time. This reflects the Group's transfer of control as it either creates or enhances an asset under the customer's control or delivers benefits consumed concurrently with service performance. The transaction price is allocated to these distinct performance obligations and recognised proportionately over the contract period, typically one to three month, using a time-based output method.

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.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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 assessment of the operating right (the "Operating Right") of Tianjin Guanchuang Mei Tong Electronic Commerce Limited ("TJGCMT") and its subsidiaries (collectively referred to as "TJGCMT Group")

As at 31 December 2025, the Operating Right is carried at RMB368,000,000, arising from the execution of an exclusive management agreement granting the Group Operating Rights in TJGCMT Group. The carrying amount of the Operating Right is subject to significant estimation uncertainty, particularly regarding its annual impairment assessment. As the Operating Right is considered to have an indefinite useful life, determining its recoverable amount requires significant management judgement and estimation. The assessment is based on a scenario analysis and a value-in-use calculation, which involves forecasting future cash flows expected to be generated from TJGCMT Group and selecting an appropriate discount rate. These estimates are inherently sensitive to changes in assumptions concerning the macro-economic climate and the underlying operating performance of TJGCMT Group. Should actual future cash flows be lower than management's current expectations, or if market discount rates increase, a material impairment loss may be required in future periods. Further details are set out 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. Further details are set out in notes 17 and 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

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 20.

5 REVENUE

	2025 RMB'000	2024 RMB'000
Revenue not within the scope of HKFRS 15		
Interest income from commercial factoring loan receivables	81,843	80,371
Revenue within the scope of HKFRS 15		
Advertising service income	73,964	26,538
Top-up service income	213,172	113,312
Subscription income	13,699	10,548
Digital content service income	5,401	-
Financial information service income	24,170	33,331
	330,406	183,729
	412,249	264,100
Timing of revenue recognition within the scope of HKFRS 15		
A point in time	117,234	70,417
Over time	213,172	113,312
	330,406	183,729

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

5 REVENUE (continued)

The transaction price allocated to the remaining performance obligations for contracts with customers (unsatisfied or partially unsatisfied) as at 31 December 2025 and the expected timing of recognising revenue are as follows:

	2025		2024	
	Expected to recognised as revenue during the year ending		Expected to recognised as revenue during the year ending	
	RMB'000		RMB'000	
Subscription income	33,491	31 December 2026	9,712	31 December 2025
Digital content service income	8,731	31 December 2026	–	31 December 2025
Financial information service income	530	31 December 2026	442	31 December 2025

The Group applies the practical expedient that information regarding the transaction prices allocation to the performance obligation for contracts with customers for advertising service and top-up service is not disclosed as the original expected duration of the contracts with customers is less than one year.

6 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, being the chief operating decision makers (“CODM”) for strategic decision making. The executive directors of the Company consider the business from a product and service perspective.

Prior to the acquisition of new subsidiaries as stated in the subsequent paragraph, the Group’s businesses included commercial factoring business, other financing service, game development and publishing business and social networking business segments.

During the year, the Group commenced the business engaging in provision of digital content services, along with Beijing Yiheng Acquisition on 18 March 2025 (as detailed in note 31(i)).

Prior to 18 March 2025, there were four reportable and operating segments, namely (i) commercial factoring business; (ii) other financing services; (iii) game development and publishing business; and (iv) social networking business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

6 OPERATING SEGMENT INFORMATION (continued)

From 18 March 2025, management has changed the presentation of the information reported to the CODM, and segment reporting has been updated to conform to this change. The Group's management is of the view that this change of segment disclosure better reflects the Group's updated business strategies, the development phases of various businesses and the financial performance, and better aligns with the Group's resource allocation.

The updated reportable segments comprise (i) digital internet platform business, which includes the former social networking business; (ii) digital content ecosystem business, which includes the former game and development and publishing business and the newly acquired digital content service business; and (iii) financial technology services business, which is aggregated with the former commercial factoring business and other financing services business segments. The Group's management periodically reviews their developments, and dynamically adjusts resource allocation and strategies.

Operating segments	Nature of business activities
Digital internet platform business	Social commerce platform and business ecosystem collaboration platform
Digital content ecosystem business	Game development and distribution, film and television production, and digital marketing
Financial technology services business	Commercial factoring business and other financing services in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

6 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 gain on bargain purchase, certain bank interest income, certain finance costs, exchange gains/(losses), as well as items not specifically attributed to an individual reportable segment, such as unallocated administrative expenses, are excluded from such measurement.

	Year ended 31 December 2025					
	Digital internet platform business RMB'000	Digital content ecosystem business RMB'000	Financial technology services business RMB'000	Segment total RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue:						
Revenue from external customers	13,699	292,537	106,013	412,249	-	412,249
Inter-segment revenue*	15,064	-	-	15,064	(15,064)	-
	<u>28,763</u>	<u>292,537</u>	<u>106,013</u>	<u>427,313</u>	<u>(15,064)</u>	<u>412,249</u>
Segment results	<u>(76,937)</u>	<u>7,956</u>	<u>76,899</u>	<u>7,918</u>	<u>-</u>	<u>7,918</u>
Reconciliation:						
Exchange gains						27,022
Unallocated bank interest income						776
Unallocated administrative expenses						(19,165)
Gain on bargain purchase						37
Profit before tax						16,588
Income tax expense						(6,376)
Profit for the year						<u>10,212</u>

* Inter-segment revenue is charged at amounts agreed by both parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

6 OPERATING SEGMENT INFORMATION (continued)

	Year ended 31 December 2024 (re-presented)					
	Digital internet platform business RMB'000	Digital content ecosystem business RMB'000	Financial technology services business RMB'000	Segment total RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue:						
Revenue from external customers	10,548	139,850	113,702	264,100	–	264,100
Inter-segment revenue*	19,811	–	–	19,811	(19,811)	–
	<u>30,359</u>	<u>139,850</u>	<u>113,702</u>	<u>283,911</u>	<u>(19,811)</u>	<u>264,100</u>
Segment results	<u>14,615</u>	<u>11,731</u>	<u>79,524</u>	<u>105,870</u>	<u>–</u>	<u>105,870</u>
Reconciliation:						
Exchange losses						(21,067)
Unallocated bank interest income						3,199
Unallocated administrative expenses						(20,232)
Profit before tax						67,770
Income tax expense						(9,264)
Profit for the year						<u>58,506</u>

* Inter-segment revenue is charged at amounts agreed by both parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

6 OPERATING SEGMENT INFORMATION (continued)

Segment assets include all current and non-current assets with the exception of assets which are not allocated to an individual reportable segment. Segment liabilities include all current and non-current liabilities with the exception of liabilities which are unallocated to an individual reportable segment.

	As at 31 December 2025			
	Digital internet platform business RMB'000	Digital content ecosystem business RMB'000	Financial technology services business RMB'000	Total RMB'000
Segment assets	162,005	774,865	1,410,935	2,347,805
Reconciliation:				
Unallocated assets				389,519
Total assets				2,737,324
Segment liabilities	236,991	47,025	11,445	295,461
Reconciliation:				
Unallocated liabilities				12,501
Total liabilities				307,962

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

6 OPERATING SEGMENT INFORMATION (continued)

	As at 31 December 2024 (re-presented)			Total RMB'000
	Digital internet platform business RMB'000	Digital content ecosystem business RMB'000	Financial technology services business RMB'000	
Segment assets	86,637	753,532	1,336,513	2,176,682
Reconciliation: Unallocated assets				430,809
Total assets				2,607,491
Segment liabilities	93,886	16,864	15,171	125,921
Reconciliation: Unallocated liabilities				16,503
Total liabilities				142,424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

6 OPERATING SEGMENT INFORMATION (continued)

	Year ended 31 December 2025				
	Digital internet platform business RMB'000	Digital content ecosystem business RMB'000	Financial technology services business RMB'000	Unallocated items RMB'000	Total RMB'000
Other segment information:					
Bank interest income	13	15	143	776	947
Depreciation and amortisation	12,745	27,729	1,409	–	41,883
Provision for ECL on trade and loan receivables	–	175	1,327	–	1,502
Addition to non-current assets (Note)	100,333	44,039	344	368,000	512,716

	Year ended 31 December 2024				
	Digital internet platform business RMB'000	Digital content ecosystem business RMB'000	Financial technology services business RMB'000	Unallocated items RMB'000	Total RMB'000
Other segment information:					
Bank interest income	1	189	1,877	3,199	5,266
Depreciation and amortisation	524	12,157	1,172	–	13,853
Provision for ECL on trade and loan receivables	–	580	2,886	–	3,466
Addition to non-current assets (Note)	69,735	688,341	–	–	758,076

Note: Non-current assets excluded those relating to goodwill and deferred tax assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

6 OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
The PRC	<u>412,249</u>	<u>264,100</u>

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

(b) Non-current assets

	2025 RMB'000	2024 RMB'000
The PRC	<u>1,209,205</u>	<u>753,797</u>

The non-current asset information above is based on the physical location of the assets or the location of the operation to which they are allocated and excludes deferred tax assets and financial assets.

Information about major customers

No customers individually contributed over 10% of the Group's total revenue for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

7 OTHER INCOME AND OTHER GAINS AND LOSSES

	2025 RMB'000	2024 RMB'000
Other income		
Management fee income (note 21)	440	–
Bank interest income	947	5,266
Gain on bargain purchase (note 31(i))	37	–
Government grant (Note)	1,008	–
Others	15	274
	<u>2,447</u>	<u>5,540</u>
Other gains and losses		
Exchange gains/(losses)	27,022	(21,067)
Gain on early termination of lease contract	371	–
	<u>27,393</u>	<u>(21,067)</u>
	<u>29,840</u>	<u>(15,527)</u>

Note: During the year ended 31 December 2025, the Group recognised government grants of RMB1,008,000 (2024: Nil) in respect of the subsidies obtained for support of business development from the relevant government department. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

8 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2025 RMB'000	2024 RMB'000
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	113,985	30,915
Retirement benefit scheme contributions	36,539	8,645
	150,524	39,560
Capitalised in intangible assets	(73,520)	(17,456)
	77,004	22,104
Provision for ECL on loan receivables	1,327	2,886
Provision for ECL on trade receivables	175	580
	1,502	3,466
Auditor's remuneration	1,450	1,380
Depreciation of property, plant and equipment	589	33
Depreciation of right-of-use assets	7,879	1,267
Amortisation of intangible assets	33,415	12,553

9 FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest expenses on:		
Borrowings	5,142	1,110
Lease liabilities	415	40
	5,557	1,150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

10 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:

	2025 RMB'000	2024 RMB'000
Fees	1,208	1,259
Other emoluments:		
Salaries, allowances and benefits in kind	720	720
Retirement benefit scheme contributions	3	–
	723	720
	1,931	1,979

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 RMB'000	2024 RMB'000
Mr. Mak Yau Kee Adrian (Note i)	293	264
Professor Japhet Sebastian Law (Note ii)	293	212
Mr. Lee Puay Khng (Note iii)	–	164
Mr. Li Liangwen (Note iv)	–	56
Ms. Wang Wanjun (Note v)	–	87
Professor Huang Song (Note vi)	293	204
	879	987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

10 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 2025				
Executive directors				
Mr. Zhou Yafei	109	–	3	112
Mr. Song Chenxi	–	720	–	720
Non-executive directors				
Ms. Wu Qian (Note vii)	110	–	–	110
Ms. Wei Ting	110	–	–	110
	329	720	3	1,052

	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	–	720	–	720
Non-executive directors				
Ms. Wu Qian (Note vii)	48	–	–	48
Ms. Wei Ting	115	–	–	115
	272	720	–	992

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

10 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. Lee Puay Khng resigned as an independent non-executive director on 24 July 2024.
- (iv) Mr. Li Liangwen resigned as an independent non-executive director on 11 March 2024.
- (v) Ms. Wang Wanjun resigned as an independent non-executive director on 18 April 2024.
- (vi) Professor Huang Song was appointed as an independent non-executive director on 19 April 2024.
- (vii) Ms. Wu Qian was appointed as a non-executive director on 25 July 2024.

For the years ended 31 December 2025 and 2024, 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 waived or agreed to waive any remuneration during the both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

11 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years included one (2024: one) director. Details of the remuneration for the year of the remaining 4 (2024: 4) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	3,464	2,601
Retirement benefit scheme contributions	63	159
	3,527	2,760

The number of the highest paid employees whose remuneration fell within the following band is as follows:

	2025	2024
Nil to HKD1,000,000	3	4
HKD1,000,001 to HKD1,500,000	1	–
Total	4	4

For the years ended 31 December 2025 and 2024, 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.

12 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 2025 and 2024. PRC Enterprise Income Tax has been provided at the rate of 25% (2024: 25%) for the year ended 31 December 2025 on the estimated assessable profits arising in the PRC during the year.

	2025 RMB'000	2024 RMB'000
Current tax		
– PRC Enterprise Income Tax	6,690	10,713
Over-provision in prior years		
– PRC Enterprise Income Tax	(28)	(728)
	6,662	9,985
Deferred tax	(286)	(721)
	6,376	9,264

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

12 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:

	2025 RMB'000	2024 RMB'000
Profit before tax	16,588	67,770
Tax at the statutory tax rates	(1,770)	14,980
Tax effect of income not taxable for tax purpose	(60,890)	(10,443)
Tax effect of expenses not deductible for tax purpose	68,943	4,887
Tax effect of tax losses not recognised	121	1,320
Utilisation of tax losses previously not recognised	–	(752)
Over-provision of PRC Enterprise Income Tax in prior years	(28)	(728)
Income tax expense	6,376	9,264

13 DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

14 EARNINGS PER SHARE

The calculations of basic earnings per share are based on:

	2025 RMB'000	2024 RMB'000
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	61,720	39,641

	2025 '000	2024 '000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	5,201,123	4,026,260

Diluted earnings per share is not presented as the Company does not have any dilutive potential ordinary shares for the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Furniture and fixtures RMB'000	Motor vehicle RMB'000	Total RMB'000
Cost:				
At 1 January 2024	1,056	629	747	2,432
Acquired on acquisition of subsidiaries (note 31 (iv))	–	375	–	375
Additions	–	947	–	947
Disposals	–	(5)	–	(5)
Exchange adjustment	–	–	16	16
	<u>1,056</u>	<u>1,946</u>	<u>763</u>	<u>3,765</u>
At 31 December 2024 and 1 January 2025	1,056	1,946	763	3,765
Additions	–	518	–	518
Disposals	–	(26)	–	(26)
Exchange adjustment	–	–	(18)	(18)
	<u>–</u>	<u>–</u>	<u>(18)</u>	<u>(18)</u>
At 31 December 2025	<u>1,056</u>	<u>2,438</u>	<u>745</u>	<u>4,239</u>
Accumulated depreciation:				
At 1 January 2024	1,056	598	747	2,401
Charge for the year	–	33	–	33
Eliminated on disposals	–	(5)	–	(5)
Exchange adjustment	–	–	16	16
	<u>–</u>	<u>–</u>	<u>16</u>	<u>16</u>
At 31 December 2024 and 1 January 2025	1,056	626	763	2,445
Charge for the year	–	589	–	589
Eliminated on disposals	–	(26)	–	(26)
Exchange adjustment	–	–	(18)	(18)
	<u>–</u>	<u>–</u>	<u>(18)</u>	<u>(18)</u>
At 31 December 2025	<u>1,056</u>	<u>1,189</u>	<u>745</u>	<u>2,990</u>
Net carrying value:				
At 31 December 2025	<u>–</u>	<u>1,249</u>	<u>–</u>	<u>1,249</u>
At 31 December 2024	<u>–</u>	<u>1,320</u>	<u>–</u>	<u>1,320</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

15 PROPERTY, PLANT AND EQUIPMENT (continued)

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%

16 LEASES

The Group as a lessee

(a) Right-of-use assets

	Office premises RMB'000
<hr/>	
At 1 January 2024	627
Modification of lease terms	2,384
Acquired on acquisition of subsidiaries (note 31 (iv))	295
Depreciation charge for the year	<u>(1,267)</u>
At 31 December 2024 and 1 January 2025	2,039
Addition	12,165
Acquired on acquisition of subsidiaries (note 31 (ii))	1,224
Depreciation charge for the year	(7,879)
Early termination of lease contract	<u>(844)</u>
At 31 December 2025	<u><u>6,705</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

16 LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities during the year are as follows:

	Office premises	
	2025 RMB'000	2024 RMB'000
Lease liabilities payables:		
Within one year	11,327	1,338
Within a period of more than one year but not exceeding two years	1,329	512
	12,656	1,850
Less: Amount due for settlement within 12 months shown under current liabilities	(11,327)	(1,338)
Amount due for settlement after 12 months shown under non-current liabilities	1,329	512

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Office premises	
	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	415	40
Depreciation charge of right-of-use assets	7,879	1,267
Expense relating to short-term leases	3,104	1,733
Gain on early termination of lease contract	(371)	–
Net amount recognised in profit or loss	11,027	3,040

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

16 LEASES (continued)

The Group as a lessee (continued)

(d) *The total cash outflow for leases included in the consolidated statement of cash flows is as follows:*

	Office premises	
	2025 RMB'000	2024 RMB'000
Within operating activities	3,104	1,733
Within financing activities	1,805	1,497
Total cash outflow	4,909	3,230

17 GOODWILL

	RMB'000
At 1 January 2024	–
Arising on CashBox Acquisition (note 31 (iii))	450,850
Arising on Beijing Liheng Acquisition (note 31 (iv))	8,536
Exchange adjustment	4,357
At 31 December 2024 and 1 January 2025	463,743
Arising on Beijing Jiayu Acquisition (note 31 (ii))	910
Exchange adjustment	(10,106)
At 31 December 2025	454,547

Goodwill has been allocated for impairment testing purpose to the following cash-generating units (“CGUs”) as below:

	2025 RMB'000	2024 RMB'000
Game development and distribution	445,101	455,207
Others	9,448	8,536
	454,547	463,743

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

17 GOODWILL (continued)

Game development and distribution

The recoverable amount of the game development and distribution 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 9.7% (2024: 10.4%) and, terminal growth rate of 2% (2024: 2%). A key assumption for the value-in-use calculation is the budgeted sales growth rate ranging from 15% to 45% (2024: 10% to 40.2%) and the gross profit margin ranging from 17.1% to 18.9% (2024: 18.6% to 25.5%), which is determined based on past performance and management's expectations for the market development.

For the year ended 31 December 2025, since the recoverable amount of game development and distribution business CGU was larger than its carrying amount (including carrying amounts of intangible assets of RMB238,125,000 (2024: RMB227,387,000)), the directors of the Company considered that no impairment of goodwill allocated to game development and publishing business CGU was recognised.

Others

For the years ended 31 December 2025 and 2024, since the CGU's recoverable amounts were larger than the carrying amounts, the directors of the Company considered that no impairment of goodwill was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

18 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 2024	–	–	–	–	–
Acquired on acquisition of subsidiaries (note 31)	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 and 1 January 2025	59,582	129,573	30,200	80,018	299,373
Acquired on acquisition of subsidiaries (note 31)	4,079	–	–	–	4,079
Additions	82,970	–	43,763	–	126,733
Exchange adjustment	–	(2,976)	(1,322)	(1,777)	(6,075)
At 31 December 2025	146,631	126,597	72,641	78,241	424,110
Amortisation:					
At 1 January 2024	–	–	–	–	–
Charge for the year	274	2,002	10,277	–	12,553
Exchange adjustment	–	21	104	–	125
At 31 December 2024 and 1 January 2025	274	2,023	10,381	–	12,678
Charge for the year	5,778	17,247	10,390	–	33,415
Exchange adjustment	–	(444)	(243)	–	(687)
At 31 December 2025	6,052	18,826	20,528	–	45,406
Net carrying value:					
At 31 December 2025	140,579	107,771	52,113	78,241	378,704
At 31 December 2024	59,308	127,550	19,819	80,018	286,695

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

Notes:

- (a) Development costs, integrated game development system and mobile games were purchased as part of a business combination during the year ended 31 December 2024 and are subsequently generated internally.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

18 INTANGIBLE ASSETS (continued)

Notes: (continued)

- (b) Trademark was purchased as part of a business combination during the year ended 31 December 2024. 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. It is allocated to the game development and distribution CGU for the purpose of impairment testing.

For the year ended 31 December 2025, the directors of the Company considered that the recoverable amounts of the intangible assets were higher than their carrying amounts, no impairment was recognised.

19 OPERATING RIGHT

	Operating right RMB'000
Cost:	
At 1 January 2024, 31 December 2024 and 1 January 2025	–
Additions (note 21)	<u>368,000</u>
At 31 December 2025	<u><u>368,000</u></u>

The Operating Right of TJGCMT Group has no foreseeable limit to the period over which the Operating Right are expected to generate net cash flows for the Group. As a result, the Operating Right 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 Operating Right 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.

The recoverable amount of the Operating Right is determined based on the value-in-use calculations from a business valuation report prepared by an independent qualified professional valuer, 同新恒信(北京) 資產評估有限公司.

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 14.2% and, terminal growth rate of 2%. A key assumption for the value-in-use calculation is the budgeted growth rate ranging from 10.8% to 25.6%, which is determined based on past performance and management's expectations for the market development.

During the year ended 31 December 2025, since the recoverable amount of the Operating Right was larger than its carrying amount, the directors of the Company considered that no impairment of Operating Right was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

20 TRADE AND LOAN RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade and loan receivables		
Commercial factoring loan receivables (Note a)	1,410,214	1,281,656
Other trade receivables (Note b)	76,445	59,309
	1,486,659	1,340,965
Provision for ECL	(16,431)	(14,944)
	1,470,228	1,326,021

Notes:

- (a) For commercial factoring loan receivables arising from the Group's financing technology service 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 (2024: 90 to 360 days). The effective interest rates of the commercial factoring loans range from 6% to 7.5% (2024: 6% to 8%) per annum as at 31 December 2025.

As at 31 December 2025, the commercial factoring loan receivables with aggregate carrying amounts of RMB1,394,528,000 (2024: RMB1,267,297,000) were collateralised by the customers' accounts receivables with aggregate fair values of approximately RMB1,410,007,000 (2024: RMB1,321,681,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

20 TRADE AND LOAN RECEIVABLES (continued)

Notes: (continued)

(a) (continued)

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:

	2025 RMB'000	2024 RMB'000
Not yet matured	1,410,214	1,281,656
Provision for ECL	(15,686)	(14,359)
	1,394,528	1,267,297

None of the Group's loan receivables were past due for both years.

(b) For trade receivables arising from the other financing technology services business and digital content ecosystem 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.

	2025 RMB'000	2024 RMB'000
0 to 30 days	74,896	57,449
31 to 60 days	–	1,278
61 to 90 days	2	386
Over 90 days	1,547	196
	76,445	59,309
Provision for ECL	(745)	(585)
	75,700	58,724

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

20 TRADE AND LOAN RECEIVABLES (continued)

The tables below detail the credit risk exposures of the Group's trade and loan receivables:

	Internal credit rating	12-month or lifetime ECL	2025		2024	
			Gross balance RMB'000	Provision for ECL RMB'000	Gross balance RMB'000	Provision for ECL RMB'000
Commercial factoring loan receivables	Normal	12-month ECL	<u>1,410,214</u>	<u>15,686</u>	1,281,656	14,359
Trade receivables	Normal	Lifetime ECL (not credit-impaired)	<u>74,898</u>	<u>729</u>	59,113	583
		Special mention Lifetime ECL (not credit-impaired)	<u>1,547</u>	<u>16</u>	196	2
			<u>76,445</u>	<u>745</u>	59,309	585
			<u>1,486,659</u>	<u>16,431</u>	1,340,965	14,944

The movements in provision for ECL of commercial factoring loan receivables are as follows:

	Stage 1 (12-month ECL) RMB'000
At 1 January 2024	11,473
Charge for the year	14,359
Release for the year	<u>(11,473)</u>
At 31 December 2024 and 1 January 2025	14,359
Charge for the year	15,686
Release for the year	<u>(14,359)</u>
At 31 December 2025	<u>15,686</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

20 TRADE AND LOAN RECEIVABLES (continued)

The movements in provision for ECL of trade receivables are as follows:

	Lifetime ECL (not credit- impaired) RMB'000
At 1 January 2024	–
Charge for the year	580
Exchange adjustment	5
	<hr/>
At 31 December 2024 and 1 January 2025	585
Charge for the year	760
Release for the year	(585)
Exchange adjustment	(15)
	<hr/>
At 31 December 2025	<u>745</u>

As at 31 December 2025, none of the Group's trade and loan receivables is credit-impaired (2024: nil).

The directors of the Company are of the view that there has been no significant increase in credit risk nor default because the counterparties have strong repayment records, the overdue balances were mainly due to administrative delays, and many of the amounts were subsequently settled. Accordingly, these receivables continue to be classified as low risk under the Group's ECL model.

The Group is not permitted to sell or re-pledge the collateral in the absence of default by the customers.

As at 31 December 2025, the Group has a concentration of credit risk on loan and trade receivables from the Group's largest customer amounting to RMB228,532,000 (2024: RMB195,582,000), representing approximately 15% (2024: 15%) of the total loan and trade receivables. As at 31 December 2025, loan and trade receivables from the five largest customers amounting to RMB1,025,077,000 (2024: RMB916,480,000), representing approximately 69% (2024: 68%) of the total loan and trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

21 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayment for acquisition of TJGCMT (Note)	–	576,000
Deposits	807	537
Other prepayments	13,274	11,424
Other receivables	12,495	13,631
	26,576	601,592
Impairment loss on prepayment for acquisition of TJGCMT	–	(208,000)
	26,576	393,592
Carrying amounts analysed for reporting purpose:		
Current assets	26,576	25,592
Non-current assets	–	368,000
	26,576	393,592

Note:

As disclosed in the Company's circular dated 29 June 2017, the Group provided a RMB720 million non-interest-bearing loan to Beijing Bosheng Huifeng Business Consulting Co., Limited ("Bosheng Huifeng"), a company established in the PRC of which 90% equity interest is owned by Ms. Du, one of the Controlling Shareholders of the Company, to acquire the entire interest of TJGCMT in accordance with the equity share transfer agreement entered into between Bosheng Huifeng and the sellers on 25 July 2017 (the "Transfer Agreement"). While RMB576 million has been paid and recorded as a prepayment, completion remains pending the approval from People's Bank of China ("PBOC").

To address the risk arising from these regulatory delays, Mr. Wong, one of the Controlling Shareholders, spouse of Ms. Du, provided a personal undertaking on 25 March 2025, which was further extended to 31 December 2027. Under these terms, if the transaction is terminated and proceeds from disposal of TJGCMT are not realised by 31 December 2027, Mr. Wong has undertaken to settle any remaining shortfall using his personal assets on or before 31 December 2028.

On 31 October 2025, a supplementary agreement to the Transfer Agreement was executed through which Bosheng Huifeng secured the Operating Right of TJGCMT Group. Concurrently, Bosheng Huifeng and the Group entered into an exclusive entrusted management agreement, whereby Bosheng Huifeng granted the Operating Right to the Group, entitling the Group to a management fee based on the profit before tax of TJGCMT Group. The terms of this supplementary agreement remain in effect until the completion of the share transfer under the Transfer Agreement. In substance, the Group's existing interest in the TJGCMT acquisition, represented by the net carrying amount of the prepayment of RMB368,000,000 (net of previously recognised accumulated impairment losses of RMB208,000,000), now encompasses the right to manage and receive economic benefits from TJGCMT Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

21 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Note: (continued)

As the Group obtained control over the expected future economic benefits from the Operating Right and the cost could be measured reliably, the Group recognised an “Operating Right” in the consolidated statement of financial position at the amount of RMB368,000,000, representing the carrying value of the prepayment, which the Group treated as the deemed consideration for such transaction at the date of the supplementary agreement. This recognition reflects the Group’s current right to the underlying operations pending formal PBOC approval of the share transfer. The Operating Right is considered to have an indefinite useful life as it remains in effect until the completion of the transaction, and is carried at cost less any subsequent accumulated impairment losses.

For the year ended 31 December 2025, following the recognition of the “Operating Right”, details of its impairment assessment are set out in note 19. As the recoverable amount of the Operating Right, supported by the independent valuation of TJGCMT Group, was higher than its carrying amount, the directors of the Company considered that no impairment was required for the year ended 31 December 2025.

For the year ended 31 December 2024, the impairment assessment of the prepayment of RMB576 million was performed by management based on scenario analysis. The recoverable amount of the prepayment as at 31 December 2024 was determined based on (i) the valuation performed by an independent valuer on TJGCMT; and (ii) the market value of the personal assets of Mr. Wong. As the recoverable amount was higher than its carrying amount, the directors of the Company considered that no further impairment of the prepayment was recognised in profit or loss for the year ended 31 December 2024.

22 CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	<u>27,355</u>	<u>130,485</u>

The Group’s cash and bank balances denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2025 RMB'000	2024 RMB'000
United States dollars (“USD”)	<u>7,784</u>	<u>47,054</u>

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 3.5% (2024: 5.3%) per annum. The cash and bank balances are deposited with creditworthy banks with no recent history of default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

23 TRADE PAYABLES

The following is an ageing analysis of trade payables based on the invoice date:

	2025 RMB'000	2024 RMB'000
0 to 30 days	32,530	23,484
Over 90 days	3,025	68
	35,555	23,552

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.

24 OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Accruals	28,648	3,844
Other payables	37,006	29,768
	65,654	33,612

Note:

Accruals and other payables are non-interest-bearing and have an average term of three months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

25 CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Subscription income	33,491	9,712
Digital content service income	8,743	–
Financial information service income	530	442
	42,764	10,154

Contract liabilities represent proceeds received from customers in advance in connection with subscription income, financial information service income and digital content service income. Contract liabilities increased during the year was primarily due to increased upfront payments received relating to subscription income. These balances are expected to be recognised as revenue within one year.

26 BORROWINGS

	2025 RMB'000	2024 RMB'000
Other loans – unsecured	140,983	58,954

The balance represents loans from an independent third party with an aggregate principal amount of RMB131,799,000 (2024: RMB55,128,000), bearing finance costs measured at 6% per annum (2024: 6%), which will be repayable in 2027 and 2028 in accordance with terms of respective loan agreements, and are not secured by any assets or guarantees from the Group.

27 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:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	3,960	3,596
Deferred tax liabilities	(1,449)	(1,371)
	2,511	2,225

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

27 DEFERRED TAX (continued)

Deferred tax assets/(liabilities)

	Provision of ECL on trade and loan receivables RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Fair value adjustments RMB'000	Total RMB'000
At 1 January 2024	2,868	–	7	–	2,875
Acquisition of subsidiaries (note 31)	–	–	–	(1,371)	(1,371)
Credited to profit or loss (note 12)	721	–	–	–	721
At 31 December 2024 and 1 January 2025	3,589	–	7	(1,371)	2,225
Acquisition of a subsidiary (note 31)	–	–	48	(77)	(29)
Credited to profit or loss (note 12)	332	(1,449)	1,432	–	315
At 31 December 2025	<u>3,921</u>	<u>(1,449)</u>	<u>1,487</u>	<u>(1,448)</u>	<u>2,511</u>

Deferred tax assets have not been recognised in respect of the following items:

	2025 RMB'000	2024 RMB'000
Tax losses	<u>97,331</u>	<u>97,052</u>

As at 31 December 2025, the Group had tax losses arising from the operation in Hong Kong of approximately RMB86,417,000 (2024: RMB86,417,000) 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 2025, the Group also had tax losses arising from the operation in the PRC of approximately RMB10,914,000 (2024: RMB10,634,000) that will expire in one to five years for offsetting against future taxable profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

28 SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares		
Authorised:		
At 1 January 2024 (HK\$0.1 each)	6,000,000	600,000
Share Subdivision (Note (a)(ii))	54,000,000	–
At 31 December 2024, 1 January 2025 and 31 December 2025 (HK\$0.01 each)	<u>60,000,000</u>	<u>600,000</u>

	Number of shares '000	Amount HK\$'000
Issued and fully paid		
At 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, 1 January 2025 and 31 December 2025 (HK\$0.01 each)	<u>5,201,123</u>	<u>45,824</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

28 SHARE CAPITAL (continued)

Notes: (continued)

- (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 31(iii) (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.

29 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 85 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 28).

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.

30 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2025 and 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

31 ACQUISITION OF BUSINESS

For the year ended 31 December 2025

(i) Beijing Yiheng Acquisition

On 18 March 2025, a non-wholly owned subsidiary of the Company, 北京恒美卓盛科技有限公司 (Beijing Hengmei Zhuosheng Technology Co., Ltd.*) (“Beijing Hengmei”) and the PRC registered shareholders of 北京熠珩企业管理有限公司 (Beijing Yiheng Enterprise Management Co., Ltd.*) (“Beijing Yiheng”), who are executive directors of the Company, entered into a sale and purchase agreement to acquire 100% equity interest in Beijing Yiheng at nil consideration (“Beijing Yiheng Acquisition”).

Upon completion of Beijing Yiheng Acquisition on 18 March 2025, the Company, through Beijing Hengmei, an indirectly non-wholly owned subsidiary of the Company, holds Beijing Yiheng as an indirectly non-wholly owned subsidiary of the Company with effective shareholding of 51%. Beijing Yiheng Acquisition has been accounted for as acquisition of business using the acquisition method.

Gain on bargain purchase amounting to RMB37,000 on acquisition of Beijing Yiheng, after reassessment, is recognised in profit or loss within other income in the consolidated statement of profit or loss, as a result of the difference between nil consideration, non-controlling interests of RMB35,000 and the fair value of the net assets acquired of RMB72,000, of which cash and cash equivalents acquired is RMB2,000.

Impact of the Beijing Yiheng Acquisition on the results of the Group

Included in the profit for the year ended 31 December 2025 is loss of RMB2,069,000 attributable to the additional business generated by Beijing Yiheng. Revenue for the year 31 December 2025 includes RMB5,401,000 generated from Beijing Yiheng.

Had Beijing Yiheng Acquisition been completed on 1 January 2025, revenue for the year ended 31 December 2025 of the Group would have been RMB413,470,000, and the profit for the year ended 31 December 2025 would have been RMB10,669,000. 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 Yiheng Acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

In determining the ‘pro-forma’ revenue and profit of the Group had Beijing Yiheng been acquired at the beginning of the year ended 31 December 2025, the directors of the Company calculated depreciation of right-of-use assets based on the recognised amounts of right-of-use assets at the date of Beijing Yiheng Acquisition.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

31 ACQUISITION OF BUSINESS (continued)

For the year ended 31 December 2025 (continued)

(ii) Beijing Jiayu Acquisition

On 18 March 2025, a non-wholly owned subsidiary of the Company, 北京崇達智行科技有限公司 (Beijing Chongda Zhixing Technology Co., Ltd.*) (“Beijing Chongda Zhixing”) and the PRC registered shareholder of 北京嘉域企業管理有限公司 (Beijing Jiayu Enterprise Management Co., Ltd.*) (“Beijing Jiayu”), who is an executive director of the Company, entered into a sale and purchase agreement, to acquire 50% equity interest in Beijing Jiayu at nil consideration (“Beijing Jiayu Acquisition”).

Upon completion of Beijing Jiayu Acquisition on 18 March 2025 (the “Completion Date of Beijing Jiayu Acquisition”), the Company, through Beijing Chongda Zhixing, an indirectly non-wholly owned subsidiary of the Company, holds Beijing Jiayu as an indirectly non-wholly owned subsidiary of the Company with effective shareholding of 26.01%. Beijing Jiayu Acquisition has been accounted for as acquisition of business using the acquisition method. Among acquisition-related costs of approximately RMB154,000 in total are expensed and are included in administrative expenses during the year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

31 ACQUISITION OF BUSINESS (continued)

For the year ended 31 December 2025 (continued)

(ii) Beijing Jiayu Acquisition (continued)

Assets and liabilities of Beijing Jiayu recognised at the Completion Date of Beijing Jiayu Acquisition

	RMB'000
Right-of-use assets	1,224
Intangible assets	4,079
Trade receivables	6
Prepayments and other receivables	115
Cash and cash equivalents	607
Other payables and accruals	(426)
Contract liabilities	(50)
Borrowings	(7,802)
Deferred tax liabilities	(29)
Lease liabilities	(1,224)
	<u>(3,500)</u>

The receivables acquired with a fair value of RMB121,000 at the Completion Date of Beijing Jiayu Acquisition had gross contractual amount of RMB121,000.

Non-controlling interests

The non-controlling interests in Beijing Jiayu recognised at the Completion Date of Beijing Jiayu Acquisition was measured by reference to the proportionate share of recognised amounts of net liabilities of Beijing Jiayu amounted to RMB2,590,000.

Goodwill arising on Beijing Jiayu Acquisition

	RMB'000
Consideration transferred	–
Add: non-controlling interests	(2,590)
Add: recognised amounts of net identifiable liabilities	3,500
	<u>910</u>

Goodwill arising on Beijing Jiayu Acquisition is not expected to be deductible for tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

31 ACQUISITION OF BUSINESS (continued)

For the year ended 31 December 2025 (continued)

(ii) Beijing Jiayu Acquisition (continued)

Net cash inflow arising on Beijing Jiayu Acquisition

	RMB'000
Cash and cash equivalents acquired	607

Impact of the Beijing Jiayu Acquisition on the results of the Group

Included in the profit for the year ended 31 December 2025 is loss of RMB3,439,000 attributable to the additional business generated by Beijing Jiayu. Revenue for the year 31 December 2025 includes RMB996,000 generated from Beijing Jiayu.

Had Beijing Jiayu Acquisition been completed on 1 January 2025, revenue for the year ended 31 December 2025 of the Group would have been RMB412,259,000, and the profit for the year ended 31 December 2025 would have been RMB9,182,000. 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 Jiayu Acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Beijing Jiayu been acquired at the beginning of the year ended 31 December 2025, the directors of the Company calculated amortisation of intangible assets and depreciation of right-of-use assets based on the recognised amounts of intangible assets and right-of-use assets at the date of Beijing Jiayu Acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

31 ACQUISITION OF BUSINESS (continued)

For the year ended 31 December 2024

(iii) 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 Faith International Investment Limited (“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 Faith Internet Technology Co., Limited (“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.

Consideration transferred

	RMB'000
Equity instruments issued	522,303

Among acquisition-related costs of approximately RMB5,362,000 in total, RMB3,242,000 are expensed and are included in administrative expenses during the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

31 ACQUISITION OF BUSINESS (continued)

For the year ended 31 December 2024 (continued)

(iii) CashBox Acquisition (continued)

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	<u>(34,634)</u>
	<u>266,585</u>

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	<u>(266,585)</u>
Goodwill arising on CashBox Acquisition	<u>450,850</u>

Goodwill arising on CashBox Acquisition is not expected to be deductible for tax purposes.

Net cash inflow arising on CashBox Acquisition

	RMB'000
Cash and cash equivalents acquired	<u>7,338</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

31 ACQUISITION OF BUSINESS (continued)

For the year ended 31 December 2024 (continued)

(iii) CashBox Acquisition (continued)

Impact of the CashBox Acquisition on the results of the Group

Included in the profit for the year ended 31 December 2024 is profit of RMB11,607,000 attributable to the additional business generated by CashBox Business. Revenue for the year 31 December 2024 includes RMB139,850,000 generated from CashBox Business.

Had CashBox Acquisition been completed on 1 January 2024, revenue for the year ended 31 December 2024 of the Group would have been RMB438,017,000, and the profit for the year ended 31 December 2024 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 ended 31 December 2024, the directors of the Company calculated amortisation of intangible assets based on the recognised amounts of intangible assets at the date of CashBox Acquisition.

(iv) 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 the Company’s name is for reference only. The official name of the Company is in Chinese.

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 ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

31 ACQUISITION OF BUSINESS (continued)

For the year ended 31 December 2024 (continued)

(iv) Beijing Liheng Acquisition (continued)

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)
	<u>(33,248)</u>

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.

Goodwill arising on Beijing Liheng Acquisition

	RMB'000
Consideration transferred	–
Add: non-controlling interests	(24,712)
Add: recognised amounts of net identifiable liabilities	<u>33,248</u>
Goodwill arising on Beijing Liheng Acquisition	<u>8,536</u>

Goodwill arising on Beijing Liheng Acquisition is not expected to be deductible for tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

31 ACQUISITION OF BUSINESS (continued)

For the year ended 31 December 2024 (continued)

(iv) Beijing Liheng Acquisition (continued)

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 ended 31 December 2024 is profit of RMB14,476,000 attributable to the additional business generated by Beijing Liheng. Revenue for the year ended 31 December 2024 includes RMB10,548,000 generated from Beijing Liheng.

Had Beijing Liheng Acquisition been completed on 1 January 2024, revenue for the year ended 31 December 2024 of the Group would have been RMB264,100,000, and the profit for the year ended 31 December 2024 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 ended 31 December 2024, the directors of the Company calculated amortisation of intangible assets based on the recognised amounts of intangible assets at the date of the Beijing Liheng Acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

32 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	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
NCI percentage	72.3%	72.3%	74%	74%
Current assets	81,707	70,815	5,205	17,752
Non-current assets	232,376	231,616	141,910	60,675
Current liabilities	(35,223)	(16,864)	(106,240)	(37,072)
Non-current liabilities	–	–	(133,479)	(60,470)
Net assets/(liabilities)	278,860	285,567	(92,604)	(19,115)
Carrying amount of NCI	201,616	206,465	(68,527)	(14,145)
Revenue	287,136	139,850	27,767	30,359
Profit/(loss) for the year	10,015	11,479	(73,489)	14,280
Total comprehensive (expense)/income	(6,707)	18,533	(73,489)	14,280
Profit/(loss) allocated to NCI	7,241	8,299	(54,382)	10,567
Total comprehensive (expense)/ income allocated to NCI	(4,849)	13,399	(54,382)	10,567
Cash flows from/(used in) operating activities	38,706	8,249	(8,927)	16,544
Cash flows used in investing activities	(43,763)	(13,562)	(82,202)	(22,217)
Cash flows from/(used in) financing activities	–	–	78,403	(146)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

33 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:

	2025 RMB'000	2024 RMB'000
Transactions with related parties which are significantly influenced by the controlling shareholder of the Company:		
Interest income from commercial factoring loan receivables	26,654	29,338
Rental expense paid	1,356	1,033
Property management fee paid	614	472
Technical service fee paid	735	–
	<u>29,359</u>	<u>30,843</u>

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:

	2025 RMB'000	2024 RMB'000
Balances with related companies which are controlled by the ultimate beneficial owner:		
Other receivables	4,412	9,260
Other payables	4,669	9,716
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 7.5% (2024: 6% to 8%) per annum)	516,140	364,196
Prepayments and deposits	180	172
Other receivables due from the controlling shareholder of the Company	900	900
	<u>522,191</u>	<u>738,074</u>

- (c) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Salaries, other allowances and benefits in kind	1,931	1,979
Retirement benefit scheme contributions	–	–
	<u>1,931</u>	<u>1,979</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

34 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:

	2025 RMB'000	2024 RMB'000
Financial assets:		
At amortised cost		
Trade and loan receivables	1,470,228	1,326,021
Prepayments, deposits and other receivables	13,302	382,168
Cash and cash equivalents	27,355	130,485
	1,510,885	1,838,674
Financial liabilities:		
At amortised cost		
Trade payables	35,555	23,552
Other payables and accruals	65,654	33,612
Borrowings	140,983	58,954
Lease liabilities	12,656	1,850
	254,848	117,968

35 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

36 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 and other payables and accruals, 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

(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:

	2025 RMB'000	2024 RMB'000
Fixed interest rate		
Financial assets		
Loan receivables	<u>1,394,528</u>	<u>1,267,297</u>
Financial liabilities		
Borrowings	<u>(140,983)</u>	<u>(58,954)</u>
Lease liabilities	<u>(12,656)</u>	<u>(1,850)</u>
	<u>(153,639)</u>	<u>(60,804)</u>
Net fixed-rate financial instruments	<u><u>1,240,889</u></u>	<u><u>1,206,493</u></u>
Variable interest rate		
Financial assets		
Bank balances	<u>27,355</u>	<u>130,485</u>
Net variable-rate financial instruments	<u><u>27,355</u></u>	<u><u>130,485</u></u>

(ii) Sensitivity analysis

Bank balances are 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 20.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Credit risk measurement (continued)

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

36 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

36 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 2025

	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					
Trade payables	35,555	-	-	35,555	35,555
Other payables and accruals	65,654	-	-	65,654	65,654
Borrowings	-	-	159,672	159,672	140,983
Lease liabilities	2,013	9,643	1,340	12,996	12,656
	103,222	9,643	161,012	273,877	254,848

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					
Trade payables	23,552	-	-	23,552	23,552
Other payables and accruals	33,612	-	-	33,612	33,612
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

36 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 2025 and 2024.

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 and lease liabilities.

The debt-to-equity ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Total debt	254,848	117,968
Equity attributable to owners of the Company	2,300,942	2,270,802
Debt-to-equity ratio	11.08%	5.19%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

37 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	Total RMB'000
At 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 and 1 January 2025	1,850	58,954	60,804
Changes from financing cash flows:			
New borrowings raised	–	69,425	69,425
Repayment of borrowings	–	(340)	(340)
Repayment of principal portion of lease liabilities	(1,390)	–	(1,390)
Interest and other finance charges paid	(415)	–	(415)
Total changes from financing cash flows	(1,805)	69,085	67,280
Other changes:			
Early termination of lease contract	(1,190)	–	(1,190)
New lease entered	12,162	–	12,162
Acquired on acquisition of a subsidiary (note 31 (ii))	1,224	7,802	9,026
Interest expenses recognised	415	5,142	5,557
Total other changes	12,611	12,944	25,555
At 31 December 2025	12,656	140,983	153,639

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

38 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:

	2025 RMB'000	2024 RMB'000
Non-current assets		
Investments in subsidiaries	538,827	538,827
Amounts due from subsidiaries	1,559,262	1,504,677
Total non-current assets	2,098,089	2,043,504
Current assets		
Prepayments, deposits and other receivables	1,709	1,751
Cash and cash equivalents	12,958	46,143
Total current assets	14,667	47,894
Current liabilities		
Other payables and accruals	4,265	3,397
Total current liabilities	4,265	3,397
Net current assets	10,402	44,497
Total assets less current liabilities	2,108,491	2,088,001
Net assets	2,108,491	2,088,001
Equity		
Share capital	45,824	45,824
Reserves	2,062,667	2,042,177
Total equity	2,108,491	2,088,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

38 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 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 28)	-	207,143	-	-	-	207,143
Issuance of share on acquisition of subsidiaries (note 28)	499,495	-	-	-	-	499,495
At 31 December 2024 and 1 January 2025	2,444,096	727,981	87,072	87,141	(1,304,113)	2,042,177
Profit for the year	-	-	-	-	59,448	59,448
Exchange differences on translation from functional currency to presentation currency	-	-	-	(38,958)	-	(38,958)
Total comprehensive income	-	-	-	(38,958)	59,448	20,490
At 31 December 2025	<u>2,444,096</u>	<u>727,981</u>	<u>87,072</u>	<u>48,183</u>	<u>(1,244,665)</u>	<u>2,062,667</u>

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				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	412,249	264,100	82,024	80,219	77,401
Profit/(loss) for the year	10,212	58,506	36,997	(5,638)	(127,983)

Assets and liabilities

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	2,737,324	2,607,491	1,702,206	2,035,958	2,443,148
Total liabilities	(307,962)	(142,424)	(18,011)	(403,644)	(891,101)
Total equity	2,429,362	2,465,067	1,684,195	1,632,314	1,552,047