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WANKA ONLINE INC.

萬咖壹聯有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1762)

FINANCIAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS OF ANNUAL RESULTS

	Year ended 31 December		Change
	2024 RMB'000	2023 RMB'000	
Revenue	2,627,271	2,098,220	25.2%
Gross Profit	234,038	223,268	4.8%
Adjusted EBITDA ⁽¹⁾	68,043	65,626	3.7%
Adjusted Net Profit ⁽²⁾	33,609	32,506	3.4%
	As at 31 December		Change
	2024 RMB'000	2023 RMB'000	
Total Assets	2,328,038	1,973,730	18.0%
Total Liabilities	916,243	568,754	61.1%
Total Equity	1,411,795	1,404,976	0.5%

Notes:

⁽¹⁾ Adjusted EBITDA eliminates the effect of depreciation, amortisation, finance costs, income tax, impairment loss on goodwill and share-based payment expenses.

⁽²⁾ Adjusted net profit eliminates the effect of share-based payment expenses and impairment loss on goodwill.

* For identification purposes only

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce the consolidated results of the Group for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) as below.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	2,627,271	2,098,220
Cost of sales	5	<u>(2,393,233)</u>	<u>(1,874,952)</u>
Gross profit		234,038	223,268
Other income and net gains or losses	6	8,496	17,153
Selling and distribution expenses		(32,113)	(25,751)
Research and development costs		(92,939)	(80,660)
Reversal of impairment loss/(Impairment loss)			
on accounts receivable		1,528	(18,973)
Impairment loss on goodwill		(26,017)	(2,361)
Administrative expenses		(51,163)	(50,385)
Other expenses and losses		(9,857)	(5,976)
Share-based payment expenses		—	(8,149)
Finance costs	8	(14,561)	(10,009)
Share of loss in an associate		<u>(1,000)</u>	<u>(3,545)</u>
PROFIT BEFORE TAX	7	16,412	34,612
Income tax expense	9	<u>(8,820)</u>	<u>(12,616)</u>
PROFIT FOR THE YEAR		<u>7,592</u>	<u>21,996</u>
PROFIT FOR THE YEAR			
ATTRIBUTABLE TO:			
Owners of the parent		2,267	15,488
Non-controlling interest		<u>5,325</u>	<u>6,508</u>
		<u>7,592</u>	<u>21,996</u>
EARNINGS PER SHARE ATTRIBUTABLE			
TO ORDINARY EQUITY HOLDERS OF			
THE PARENT (expressed in RMB cents per share)			
Basic	11	<u>0.15</u>	<u>1.04</u>
Diluted		<u>0.15</u>	<u>1.02</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 RMB'000	2023 RMB'000
PROFIT FOR THE YEAR	<u>7,592</u>	<u>21,996</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(714)</u>	<u>(3,582)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(714)</u>	<u>(3,582)</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	<u>5,037</u>	<u>5,730</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>5,037</u>	<u>5,730</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>4,323</u>	<u>2,148</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>11,915</u>	<u>24,144</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:		
Owners of the parent	6,590	17,636
Non-controlling interest	<u>5,325</u>	<u>6,508</u>
	<u>11,915</u>	<u>24,144</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,508	1,642
Right-of-use assets		7,347	10,947
Goodwill		6,422	32,439
Other intangible assets		3,086	4,453
Interest in associates		12,000	—
Deferred tax assets		12,965	13,717
Prepayments and other deposits		56,861	114,983
Total non-current assets		102,189	178,181
CURRENT ASSETS			
Accounts receivable	12	837,923	680,764
Prepayments, deposits and other receivables		785,113	579,886
Time deposits with original maturity over three months	13	—	2,651
Restricted bank deposits	13	11,326	10,374
Cash and cash equivalents	13	591,487	521,874
Total current assets		2,225,849	1,795,549
CURRENT LIABILITIES			
Accounts payable	14	42,330	34,381
Other payables and accruals		149,020	82,599
Contract liabilities		36,608	21,990
Interest-bearing bank borrowings	15	567,670	303,500
Lease liabilities		4,623	8,514
Income tax payable		112,634	112,909
Total current liabilities		912,885	563,893
NET CURRENT ASSETS		1,312,964	1,231,656
TOTAL ASSETS LESS CURRENT LIABILITIES		1,415,153	1,409,837
NON-CURRENT LIABILITIES			
Lease liabilities		2,598	3,763
Deferred tax liabilities		760	1,098
Total non-current liabilities		3,358	4,861
Net assets		1,411,795	1,404,976

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	1	1
Treasury shares	—*	—*
Other reserves	<u>1,325,819</u>	<u>1,319,229</u>
	1,325,820	1,319,230
Non-controlling interest	<u>85,975</u>	<u>85,746</u>
Total equity	<u>1,411,795</u>	<u>1,404,976</u>

* The amount is less than RMB1,000.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the parent										
	Issued capital RMB'000	Treasury shares# RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Employee share-based compensation reserve* RMB'000	Statutory reserve funds* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Sub-total RMB'000	Non-controlling interest RMB'000	Total RMB'000
At 1 January 2023	1	–	1,828,109	9,532	66,353	26,001	(31,903)	(604,648)	1,293,445	79,379	1,372,824
Profit for the year	–	–	–	–	–	–	–	15,488	15,488	6,508	21,996
Other comprehensive income for the year:											
Exchange differences	–	–	–	–	–	–	2,148	–	2,148	–	2,148
Total comprehensive income for the year	–	–	–	–	–	–	2,148	15,488	17,636	6,508	24,144
Dividend paid to the non-controlling interest	–	–	–	–	–	–	–	–	–	(141)	(141)
Vested restricted share units transferred to employees	–	–	18,070	–	(18,070)	–	–	–	–	–	–
Equity-settled share option arrangements	–	–	–	–	8,149	–	–	–	8,149	–	8,149
At 31 December 2023	1	–	1,846,179	9,532	56,432	26,001	(29,755)	(589,160)	1,319,230	85,746	1,404,976

[#] The amount is less than RMB1,000.

^{*} These reserve accounts comprise the consolidated other reserves of RMB1,319,229,000 (2022: RMB1,293,444,000) in the consolidated statement of financial position.

FOR THE YEAR ENDED 31 DECEMBER 2024

Attributable to owners of the parent

	Issued capital RMB'000	Treasury shares [#] RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Employee share-based compensation reserve* RMB'000	Statutory reserve funds* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Sub-total RMB'000	Non- controlling interest RMB'000	Total RMB'000
At 1 January 2024	1	-	1,846,179	9,532	56,432	26,001	(29,755)	(589,160)	1,319,230	85,746	1,404,976
Profit for the year	-	-	-	-	-	-	-	2,267	2,267	5,325	7,592
Other comprehensive income for the year:											
Exchange differences	-	-	-	-	-	-	4,323	-	4,323	-	4,323
Total comprehensive income for the year	-	-	-	-	-	-	4,323	2,267	6,590	5,325	11,915
Dividend paid to the non-controlling interest	-	-	-	-	-	-	-	-	-	(5,096)	(5,096)
Vested restricted share units transferred to employees	-	-	5,559	-	(5,559)	-	-	-	-	-	-
At 31 December 2024	<u>1</u>	<u>-</u>	<u>1,851,738</u>	<u>9,532</u>	<u>50,873</u>	<u>26,001</u>	<u>(25,432)</u>	<u>(586,893)</u>	<u>1,325,820</u>	<u>85,975</u>	<u>1,411,795</u>

[#] The amount is less than RMB1,000.

^{*} These reserve accounts comprise the consolidated other reserves of RMB1,325,819,000 (2023: RMB1,319,229,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	16,412	34,612
Adjustments for:		
Finance costs	14,561	10,009
Bank interest income	(1,564)	(1,714)
(Reversal of impairment loss)/Impairment loss on accounts receivable	(1,528)	18,973
Depreciation of property, plant and equipment	946	855
Depreciation of right-of-use assets	8,740	7,087
Amortisation of intangible assets	1,367	2,553
Gain on derecognition of lease	(16)	—
Share of loss in an associate	1,000	3,545
Impairment loss on goodwill	26,017	2,361
Share-based payment expenses	—	8,149
	<hr/>	<hr/>
Operating cash flows before working capital changes	65,935	86,430
Increase in accounts receivable	(155,631)	(98,478)
Increase in prepayments, deposits and other receivables	(183,746)	(8,070)
Decrease/(increase) in long-term prepayments and other deposits	27,270	(19,837)
Increase/(decrease) in accounts payable	7,949	(18,578)
Increase/(decrease) in contract liabilities	14,618	(5,843)
Increase in other payables and accruals	65,376	8,401
	<hr/>	<hr/>
Cash used in operations	(158,229)	(55,975)
Interest received	1,564	1,714
Income tax paid	(8,681)	(11,053)
	<hr/>	<hr/>
Net cash flows used in operating activities	(165,346)	(65,314)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Refund/(prepayments) for acquisition of equity investments	3,500	(36,981)
Proceeds from disposal of equipment	40	1
Prepayments for acquisition of equipment	(6,129)	—
Purchase of items of property, plant and equipment	(2,855)	(430)
Decrease in time deposits with original maturity over three months	2,651	9,986
Capital injection into an associate	<u>(1,000)</u>	<u>(2,430)</u>
Net cash flows used in investing activities	<u>(3,793)</u>	<u>(29,854)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank loans	796,668	443,520
Repayment of bank loans	(532,498)	(400,020)
Principal portion of lease payments	(10,193)	(7,891)
Interest paid on bank borrowings	(12,765)	(9,043)
Interest paid on lease liabilities	(751)	(1,071)
Dividend paid	(5,096)	(141)
(Increase)/decrease of restricted bank deposits	<u>(952)</u>	<u>51,316</u>
Net cash flows generated from financing activities	<u>234,413</u>	<u>76,670</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	65,274	(18,498)
Cash and cash equivalents at beginning of year	521,874	538,224
Net foreign exchange difference	<u>4,339</u>	<u>2,148</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>591,487</u>	<u>521,874</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>591,487</u>	<u>521,874</u>
Cash and cash equivalents as stated in the consolidated statement of financial position and consolidated statement of cash flows	<u>591,487</u>	<u>521,874</u>

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2024

1. CORPORATE AND GROUP INFORMATION

Wanka Online Inc. (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 7 November 2014. Its registered office address is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company, together with its subsidiaries, is collectively referred to as the Group.

During the year, the Company and its subsidiaries were mainly involved in the mobile advertising services, online-video distribution services, game co-publishing services and software maintenance services.

In the opinion of the directors, the ultimate controlling party of the Group is Wanka Media Limited, a company wholly owned by Mr. GAO Dinan, the chairman and executive Director.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on January 1, 2024. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The application of these new and revised HKFRSs will not have material impact on the consolidated financial statements of the Group.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial information 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.

5. SEGMENT INFORMATION

The segment revenue for the years ended 31 December 2024 and 2023 is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Type of goods or services:		
Mobile advertising services income	2,563,730	1,997,751
Online-video distribution services income	20,108	56,583
Game co-publishing services income	6,529	4,314
Software maintenance services income	<u>36,904</u>	<u>39,572</u>
Total revenue from contracts with customers	<u><u>2,627,271</u></u>	<u><u>2,098,220</u></u>
Timing of revenue recognition:		
Services transferred at a point in time	20,108	56,583
Services transferred over time	<u>2,607,163</u>	<u>2,041,637</u>
Total revenue from contracts with customers	<u><u>2,627,271</u></u>	<u><u>2,098,220</u></u>

The segment results for the years ended 31 December 2024 and 2023 are as follows:

For the year ended 31 December 2024

	Mobile advertising services <i>RMB'000</i>	Online-video distribution services <i>RMB'000</i>	Game co-publishing services <i>RMB'000</i>	Software maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	2,563,730	20,108	6,529	36,904	2,627,271
Segment cost of sales	<u>(2,340,681)</u>	<u>(20,382)</u>	<u>–</u>	<u>(32,170)</u>	<u>(2,393,233)</u>
Segment results	<u><u>223,049</u></u>	<u><u>(274)</u></u>	<u><u>6,529</u></u>	<u><u>4,734</u></u>	<u><u>234,038</u></u>

For the year ended 31 December 2023

	Mobile advertising services <i>RMB'000</i>	Online-video distribution services <i>RMB'000</i>	Game co-publishing services <i>RMB'000</i>	Software maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	1,997,751	56,583	4,314	39,572	2,098,220
Segment cost of sales	<u>(1,804,741)</u>	<u>(39,024)</u>	<u>–</u>	<u>(31,187)</u>	<u>(1,874,952)</u>
Segment results	<u><u>193,010</u></u>	<u><u>17,559</u></u>	<u><u>4,314</u></u>	<u><u>8,385</u></u>	<u><u>223,268</u></u>

The Group had no major customers which contributed more than 10% of the total revenue for the years ended 31 December 2024 and 2023.

5. SEGMENT INFORMATION (Continued)

The Group principally operates in Mainland China. Revenue derived from Mainland China represents 99.00% (2023: 99.99%) of total revenue for the year ended 31 December 2024 based on the location of services delivered. During the year ended 31 December 2024 and 2023, breakdown of the total revenue and non-current assets by geographical location are as follows:

	Revenue		Non-current assets*	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Mainland China	2,594,920	2,097,978	38,430	63,338
Other countries/ regions	32,351	242	62	25,426
	<u>2,627,271</u>	<u>2,098,220</u>	<u>38,492</u>	<u>88,764</u>

* The non-current assets information above is based on the locations of the assets excluding deferred tax assets and financial instruments.

6. OTHER INCOME AND NET GAINS OR LOSSES

An analysis of other income and net gains or losses is as follows:

	2024 RMB'000	2023 RMB'000
Other income from contracts with customers, within the scope of HKFRS 15: Conference service income, net (Note (a))	<u>7,162</u>	<u>5,880</u>
Bank interest income	1,564	1,714
Government grants (Note (b))	206	722
Additional deduction for value added tax (Note (b))	–	8,562
Others	<u>(436)</u>	<u>275</u>
	<u>1,334</u>	<u>11,273</u>
	<u>8,496</u>	<u>17,153</u>

Notes:

- (a) All the conference service income of the Group is recognised at point in time as those services are provided under HKFRS 15.
- (b) The Group recognises the government grants when it fulfils all the conditions specified in the relevant law and regulations. There are no unfulfilled conditions or contingencies relating to these grants. During the year ended 31 December 2024, the government grants include subsidies from the local government of approximately RMB206,000 (2023: RMB722,000) and the additional deduction of value added tax from the PRC government of nil (2023: RMB8,562,000).

7. PROFIT BEFORE TAX

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of services	2,393,233	1,874,952
– Advertising publishers' platform or website	2,332,163	1,797,851
– Video content providers	20,099	37,465
– Maintenance support	30,593	24,268
Depreciation and amortisation	11,053	10,492
Auditor's remuneration	1,800	1,800
Lease payments not included in the measurement of lease liabilities	505	351
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries [^]	65,839	66,858
Pension scheme contributions ^{^^}	9,114	6,918
Share-based payment expenses	–	8,149
	<u>74,953</u>	<u>81,925</u>

[^] Wages and salaries (excluding directors' and chief executive's remuneration) amounting to RMB5,717,000, RMB13,321,000, RMB31,481,000 and RMB15,320,000 are included in "Cost of sales", "Selling and distribution expenses", "Research and development costs" and "Administrative expenses" respectively in the consolidated statement of profit or loss.

^{^^} At 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes of future years (2023: Nil).

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	13,810	8,938
Interest on lease liabilities	751	1,071
	<u>14,561</u>	<u>10,009</u>

9. INCOME TAX EXPENSE

The Company is incorporated under the law of the Cayman Islands and is not subject to the Cayman Islands 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 during the years ended 31 December 2024 and 2023. The income tax expense of the Group for the years ended 31 December 2024 and 2023 comprised current tax expense related to the Group's operations in Mainland China and deferred tax expense or income.

The income tax provision of the Group in respect of its operations in Mainland China was calculated at the tax rate of 25% on the estimated assessable profits for the periods, if applicable, based on the existing legislation, interpretations and practice in respect thereof, except for three (2023: four) PRC subsidiaries, which are entitled to preferential tax treatment of 15% for three years as they are qualified as "high and new technology enterprise ("HNTE")".

Huanju Times Culture Media (Beijing) Co., Ltd* ("歡聚時代文化傳媒(北京)有限公司") ("Huanju Times") has obtained the certificate of HNTE with effective from 2 November 2022, and was registered with the local tax authority to be eligible for a concessionary tax rate of 15% for three years from 2022 to 2024.

Wanka Huanju Culture Media (Beijing) Co., Ltd.* ("玩咖歡聚文化傳媒(北京)有限公司") ("Wanka Huanju") has obtained the certificate of HNTE with effective from 30 November 2023, and was registered with the local tax authority to be eligible for a concessionary tax rate of 15% for three years from 2023 to 2025.

Hui Times Information Technology Service (Jilin) Co., Ltd* ("惠時代信息技術服務(吉林)有限公司") has obtained the certificate of HNTE with effective from 29 December 2022, and was registered with the local tax authority to be eligible for a concessionary tax rate of 15% for three years from 2022 to 2024.

	2024 RMB'000	2023 RMB'000
Current – Mainland China		
Charge for the year	8,406	14,535
Deferred tax expense/(credit)	414	(1,919)
Total tax charge for the year	<u>8,820</u>	<u>12,616</u>

* For identification purposes only

10. DIVIDEND

No dividend have been paid or declared by the Company during the year ended 31 December 2024 (2023: Nil).

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,504,792,719 (2023: 1,491,991,021) in issue excluding the treasury shares during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2024	2023
Profit for the year attributable to owners of the parent used in the basic and diluted earnings per share calculation (RMB'000)	2,267	15,488
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,504,792,719	1,491,991,021
Effect of dilution – weighted average number of ordinary shares:		
Restricted share units	20,950,631	33,752,329
	<u>1,525,743,350</u>	<u>1,525,743,350</u>

12. ACCOUNTS RECEIVABLE

	2024 RMB'000	2023 RMB'000
Accounts receivable	893,264	737,633
Loss allowance	<u>(55,341)</u>	<u>(56,869)</u>
Total	<u>837,923</u>	<u>680,764</u>

The Group's trading terms with its customers are partially on credit, except for new customers, where payment in advance is normally required. For mobile advertising services, online video distribution services, game co-publishing services and software maintenance services, the credit period is generally three months for major customers. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balance is reviewed regularly by the management. The Group does not hold any collateral and other credit enhancements over these balances. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the revenue recognition date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	485,447	387,617
3 to 12 months	347,573	285,938
1 to 2 years	<u>4,903</u>	<u>7,209</u>
	<u>837,923</u>	<u>680,764</u>

12. ACCOUNTS RECEIVABLE (Continued)

The movements in the loss allowance for impairment of accounts receivable are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	56,869	49,723
Receivable written off during the year as uncollectible	—	(11,827)
(Reversal of impairment)/Impairment loss	<u>(1,528)</u>	<u>18,973</u>
At end of year	<u>55,341</u>	<u>56,869</u>

13. CASH AND CASH EQUIVALENTS, RESTRICTED BANK DEPOSITS AND TIME DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	602,813	534,899
Less: Restricted bank deposits:		
Pledged for bank loans (Note 15)	(10,000)	(10,374)
Bank deposits for performance guarantee	(1,326)	—
Time deposits with original maturity over three months	<u>—</u>	<u>(2,651)</u>
	<u>(11,326)</u>	<u>(13,025)</u>
Cash and cash equivalents	<u>591,487</u>	<u>521,874</u>
Denominated in:		
– RMB	582,273	514,808
– USD	5,380	1,753
– HK\$	<u>3,834</u>	<u>5,313</u>
	<u>591,487</u>	<u>521,874</u>

RMB is not freely convertible into other currencies. However, under Mainland China's prevailing rules and regulations over foreign exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between seven days and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

14. ACCOUNTS PAYABLE

An aged analysis of the Group's accounts payable at the end of the reporting period, based on the invoice date, is as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
Within 1 year	30,692	20,384
1 to 2 years	2,808	4,706
More than 2 years	8,830	9,291
	42,330	34,381

The accounts payable are non-interest-bearing and are normally settled on terms of 60 to 90 days.

15. INTEREST-BEARING BANK BORROWINGS

Details of the Group's interest-bearing bank borrowings as at 31 December 2024 and 2023 are as follows:

As at 31 December 2024			
	Effective contractual interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	1.13	2025	10,000
– unsecured	2.30-4.10	2025	557,670
			567,670
As at 31 December 2023			
	Effective contractual interest rate (%)	Maturity	<i>RMB'000</i>
Current			
Bank loans – secured	1.50-3.05	2024	30,000
– unsecured	2.81-4.15	2024	273,500
			303,500
		2024	2023
		RMB'000	<i>RMB'000</i>
Analysed into:			
Bank loans repayable:			
Within one year or on demand		567,670	303,500

15. INTEREST-BEARING BANK BORROWINGS (Continued)

Notes:

- (a) As at 31 December 2024, the Group's bank borrowings of
- (i) RMB10,000,000 was secured by pledged deposits of RMB10,000,000 provided by a subsidiary of the Company, Huanju Times;
 - (ii) RMB312,000,000 was guaranteed by Mr. GAO Dinan ("Mr. Gao") and a subsidiary of the Company, Wanka Huanju;
 - (iii) RMB18,000,000 was guaranteed by Mr. Gao;
 - (iv) RMB30,000,000 was guaranteed by Mr. Gao and the Company;
 - (v) RMB45,000,000 was guaranteed by Mr. Gao and a subsidiary of the Company, Huanju Times;
 - (vi) RMB95,990,000 was guaranteed by a subsidiary of the Company, Huanju Times; and
 - (vii) RMB10,000,000 was guaranteed by Mr. Gao and two subsidiaries of the Company, namely, Huanju Times and Suzhou Longying Software Development Co., Ltd. ("Suzhou Longying").
- (b) As at 31 December 2023, the Group's bank borrowings of
- (i) RMB10,000,000 was secured by pledged deposits of RMB10,374,000 provided by a subsidiary of the Company, Wanka Holdings Limited;
 - (ii) RMB104,500,000 was guaranteed by Mr. Gao and a subsidiary of the Company, Wanka Huanju;
 - (iii) RMB18,000,000 was guaranteed by Mr. Gao;
 - (iv) RMB90,000,000 was guaranteed by Mr. Gao and the Company;
 - (v) RMB23,000,000 was guaranteed by Mr. Gao and a subsidiary of the Company, Huanju Times;
 - (vi) RMB40,000,000 was guaranteed by a subsidiary of the Company, Huanju Times; and
 - (vii) RMB10,000,000 was guaranteed by Mr. Gao and two subsidiaries of the Company, namely, Huanju Times and Suzhou Longying.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on minimising potential adverse effects of these risks, with material impact, on the Group's financial performance. The board of directors reviews and agrees policies for managing each of these risks.

BUSINESS REVIEW

In 2024, the Group has maintained strong business momentum and achieved significant milestones. We have further deepened cooperation with globally leading smartphone manufacturers, including Android smartphone manufacturers such as Xiaomi, OPPO, vivo, and HONOR, consolidating our leadership in market segments. Concurrently, we have made substantial breakthroughs in collaborations with Huawei HarmonyOS and Apple iOS ecosystems, injecting new growth drivers for the Company's business.

The proliferation of smart devices and deeper integration of Quick Apps with AI technologies have continuously expanded application scenarios of Quick Apps. While maintaining advantages in traditional Mobile Hardcore Alliance businesses, our Quick App-based mini-game distribution business has demonstrated robust growth. Through the collaboration with Huawei's "Petal Ads" initiative, we have extended our service scope from performance advertising to brand advertising, successfully expanding cooperation channels with Huawei from browsers and app stores to the "1+8" multi-screen ecosystem, thereby comprehensively deepening our strategic partnership with Huawei. In addition, the global strategic cooperation with Apple has not only enabled mobile distribution services under the iOS ecosystem but also extended our geographical reach from domestic China to overseas markets, achieving initial coverage in Southeast Asia.

HONOR continued to appoint us as its exclusive partner for game distribution service in 2024, reaffirming our core competitive strengths. As the sole company in China maintaining deep collaborations with top-tier smartphone manufacturers including Huawei, Xiaomi, OPPO, vivo, HONOR and Apple, we continued to enhance our mobile game distribution capabilities. The emergence of large language models such as Volcano Engine, Qwen, and DeepSeek has enabled us to focus technical resources on AI application R&D for vertical sectors. Leveraging on extensive experience and a large amount of data accumulated in various operating ecosystems and marketing channels, coupled with continuous technological iterations, we have significantly improved advertising effectiveness and created enhanced value for our clients and partners. In 2024, our mobile advertising revenue amounted to RMB2,563.7 million, representing an increase of 28.3% year-on-year, which fully demonstrates our continuous breakthroughs in both business and technological domains.

Throughout 2024, we organized nearly 100 industry seminars and exchanges in collaboration with members of MHA, the ecosystem branch of Quick App and Intelligent Terminal Golden Seal Alliance. These initiatives have further strengthened the industrial ecosystem, reinforced our competitive advantages, and laid a solid foundation for the Company's sustainable development.

BUSINESS OUTLOOK

Looking ahead to the new year, we will fully utilize the unique strengths of our various distribution channels. While continuing to deeply cultivate the Android ecosystem and provide quality services to the top mobile phone manufacturers such as Xiaomi, OPPO, vivo and HONOR, we will further enhance our global expansion efforts for Apple's iOS ecosystem, fully seize the opportunities brought about by the groundbreaking development of Huawei's HarmonyOS and deepen our comprehensive cooperation with Huawei.

In terms of business types, we will fully seize the substantial potential of Quick Apps in the fields of games, short dramas and novel reading, and strive to realize growth on a large scale. Facing the rapid development of artificial intelligence technology, we will continue to pay attention to the latest development of the AI grand model, enhance the application of AI technology in the areas of advertisement distribution and precision marketing, and strengthen technological innovation and service model upgrading, so as to enhance our market competitiveness and further consolidate our leading position in the industry.

In addition, we will continue to maintain close cooperation with alliance members and partners, continuously hosting numerous technical development conferences and industry discussion summits to further enhance the role and influence of the alliance in the industry. We will work together to improve and strengthen the community ecosystem to better meet the needs of ecosystem participants, and to create more value for the healthy development of the industry.

FINANCIAL REVIEW AND PROSPECT

In 2024, the Group's financial performance remained solid, with good growth in all financial indicators. Revenue amounted to RMB2,627.3 million, representing a year-on-year increase of 25.2%; gross profit amounted to RMB234.0 million, representing a year-on-year increase of 4.8%; adjusted EBITDA amounted to RMB68.0 million, representing a year-on-year increase of 3.7%; and adjusted net profit amounted to RMB33.6 million, representing a year-on-year increase of 3.4%. In terms of assets, total assets amounted to RMB2,328.0 million, representing an increase of 18.0% year-on-year, while total equity amounted to RMB1,411.8 million, representing an increase of 0.5% year-on-year.

In the coming year, we will continue to optimize financial structure, strengthen financial management and enhance the efficiency of capital utilization. We will secure adequate capital support for operations and development through various financing channels. At the same time, we will pay close attention to market dynamics and industry trends, and rationalize our capital expenditures to ensure the sustainable development of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group places high importance on risk management and internal control, and has established a comprehensive internal control system to ensure operational compliance and accuracy of financial reporting. During 2024, we continued to assess and optimise the internal control system to maintain its effective operation. We conducted thorough identification and evaluation of various risks, formulating corresponding risk mitigation strategies to minimise their operational impacts.

Regarding foreign exchange risk management, although the Group's subsidiaries primarily operate in the PRC and are exposed to foreign exchange risk arising from currency exposures primarily with respect to the US dollars and the Hong Kong dollars, we did not hedge against any fluctuation in foreign currency during the year ended 31 December 2024. Going forward, we will implement appropriate foreign exchange risk management measures in response to market conditions and business requirements.

In credit risk management, we rigorously assess clients' creditworthiness and implement robust credit control measures to mitigate bad debt risks associated with trade receivables. For liquidity risk management, we maintain sufficient cash reserves and prudently allocate capital resources to ensure sound liquidity positions that meet operational needs and debt repayment obligations.

CONCLUSION

2024 has been a year of both challenges and opportunities for the Group. We have achieved significant milestones in business expansion, technological innovation, and financial management. Looking ahead, we will continue to uphold the principles of innovation, collaboration, and mutual benefit, fully leverage our competitive strengths, proactively adapt to market dynamics, and relentlessly enhance our core competitiveness. These efforts aim to deliver greater value to shareholders and make greater contributions to the development of the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenues

Our revenues from mobile advertising services increased by 28.3% from RMB1,997.8 million in 2023 to RMB2,563.7 million in 2024, mainly due to our continuously engaging in partnerships with top-tier smartphone manufacturers such as Huawei, Xiaomi, OPPO, vivo, Honor and Apple.

The following table sets forth the comparative figures for the periods indicated.

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>% of total revenues</i>	<i>RMB'000</i>	<i>% of total revenues</i>
Revenues				
Mobile advertising	2,563,730	97.6%	1,997,751	95.2%
Online-video distribution	20,108	0.8%	56,583	2.7%
Game co-publishing	6,529	0.2%	4,314	0.2%
Others*	36,904	1.4%	39,572	1.9%
Total	<u>2,627,271</u>	<u>100%</u>	<u>2,098,220</u>	<u>100%</u>

* Includes revenue from software maintenance services

Mobile Advertising Services

We generated revenues by distributing advertisements of marketers' mobile apps and mobile games in the distribution channels of our Mobile Hardcore Alliance (the "MHA") members which consist of eight Android smartphone manufacturers in China, non-MHA smartphone manufacturers and non-smartphone manufacturer distribution channel suppliers. We also offered a variety of advertising formats across our distribution channels, including app store search ads, in-feed ads, banner ads, interstitial ads and splash screen ads, to suit our customers' specific needs. The following table sets forth a breakdown of our advertising revenues by source for the periods indicated:

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>% of total revenues</i>	<i>RMB'000</i>	<i>% of total revenues</i>
Mobile game distribution	2,478,110	96.7%	1,976,573	98.9%
Mobile app distribution	85,620	3.3%	21,178	1.1%
Total	<u>2,563,730</u>	<u>100%</u>	<u>1,997,751</u>	<u>100%</u>

Our mobile advertising revenue generated from distribution of mobile games increased from RMB1,976.6 million in 2023 to RMB2,478.1 million in 2024. The increase was primarily due to the expansion in the number of mobile games we marketed and mobile game distribution channels from smartphone manufacturers. Our mobile advertising revenue from mobile app distribution increased from RMB21.2 million in 2023 to RMB85.6 million in 2024, which was primarily due to the increase in the number of mobile apps we marketed.

Online-video Distribution Services

Leveraging on our success and experiences in providing advertising services, we have expanded into additional business verticals and begun establishing our online-video distribution network to unleash new monetisation opportunities since 2018.

We generated revenue of RMB20.1 million for this business line in 2024, representing a decrease of RMB36.5 million, or 64.5% from 2023, which is primarily due to the decrease of number of videos distributed in the year of 2024.

Game Co-publishing Services

We offer one-stop game co-publishing services to game developers, which include game optimisation, marketing, promotion, distribution, monetisation and other user-related services. Leveraging on our extensive experiences in game co-publishing, amassed data volume and technical know-how, we actively identified and sourced new game content as well as optimised existing game content based on our in-depth understanding of user profiles, preferences, tastes, and playing habits. Moreover, based on our close relationship with various smartphone-based distribution channels, we allocated game marketing and promotion resources more efficiently and effectively, with insights into the effect of timing of offer and type of virtual items based on user behavior and in-game spending.

Our revenues from game co-publishing services increased by 51.3% from RMB4.3 million in 2023 to RMB6.5 million in 2024, which was primarily due to the increase in the number of games we co-published during the year of 2024.

Cost of Sales

Our cost of sales primarily consisted of distribution fees incurred for advertisement placements onto the distribution channels, labor costs and amortisation expenses.

Our cost of sales increased by 27.6% from RMB1,875.0 million in 2023 to RMB2,393.2 million in 2024. This increase was primarily driven by the increase in distribution fees to our distribution channels, which was in line with the increase in our revenues during 2024.

Gross Profit and Margins

As a result of the foregoing, our gross profit increased by 4.8% from RMB223.3 million in 2023 to RMB234.0 million in 2024. The increase in gross profit was primarily due to the increase in the transaction volume on our platform across all segments during 2024.

The decrease in gross profit margin from 10.6% in 2023 to 8.9% in 2024, which was primarily due to the increase in traffic acquisition costs.

Other Income and Gains

Other income and gains decreased from RMB17.2 million in 2023 to RMB8.5 million in 2024, primarily due to the decrease in additional deduction of input value-added tax arising from preferential tax treatment we recognised in 2024.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of sales employee salaries and related benefit expenses, traveling costs, conference costs and marketing expenses. Our selling and distribution expenses increased by 24.7% from RMB25.8 million in 2023 to RMB32.1 million in 2024, which was mainly attributable to the increase in marketing and advertising expenses.

Research and Development Costs

Research and development costs primarily consisted of fees paid to third party consulting service providers and employee salaries and related benefit expenses. Our research and development expenses increased by 15.2% from RMB80.7 million in 2023 to RMB92.9 million in 2024, primarily due to the increase in research expenses of our systems.

Impairment Loss on Accounts Receivable

Approximately RMB1.5 million of impairment loss is reversed in 2024, primarily as a result of the general and specific provision for credit loss are considered according to the historical information from our accounts receivable.

Impairment Loss on Goodwill

The goodwill was related to our acquisition of the equity interest in Shanghai Chile Information Technology Co., Ltd. (“**Shanghai ChiLe**”) in 2018. Considering the unforeseen business environment of our online-video distribution services segment in the near future, we made an additional impairment provision of goodwill directly related to Shanghai ChiLe of approximately RMB26.0 million in 2024, as compared to RMB2.4 million in 2023.

Administrative Expenses

Our administrative expenses remained stable at RMB 51.2 million in 2024, as compared to RMB50.4 million in 2023.

Other Expenses and Losses

Other expenses and losses increased from RMB6.0 million in 2023 to RMB9.9 million in 2024, primarily due to the foreign exchange losses occurred in 2024.

Share-based Payment Expenses

Our share-based payment expense decreased from RMB8.1 million in 2023 to nil in 2024, because the restricted share units (“**RSU(s)**”) granted to certain grantees were completely vested since the year of 2023.

Finance Costs

Our finance costs increased from RMB10.0 million in 2023 to RMB14.6 million in 2024, primarily due to the increase of our bank borrowings during the year.

Share of Loss in an Associate

We recorded share of loss in an associate of approximately RMB1.0 million in 2024, which mainly represented our share of loss from an equity investment in Wanxin Chelian Technology (Shenzhen) Co., Ltd., (“Wanxin Chelian”), an associated company of our Group.

Income Tax Expense

Our income tax expense decreased from RMB12.6 million in 2023 to RMB8.8 million in 2024. The decrease was primarily attributable to the decrease in taxable profit of our subsidiaries in PRC.

Profit for the Year

As a result of the reasons discussed above, profit for the year was RMB7.6 million in 2024, as compared to profit for the year of RMB22.0 million in 2023.

Non-HKFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with the HKFRSs, we also use adjusted EBITDA and adjusted net profit as additional financial measures, which are unaudited and not required by, or presented in accordance with, HKFRSs. We present these financial measures because they are used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of our business performance. We also believe that these non-HKFRS measures provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management compare our financial results across accounting periods and with those of our peer companies.

We define adjusted EBITDA as profit/loss for the year without considering depreciation, amortisation, finance cost, income tax, impairment loss on goodwill and share-based payment expenses (“**Adjusted EBITDA**”). We define adjusted net profit as profit/loss for the year without considering share-based payment expenses and impairment loss on goodwill (“**Adjusted Net Profit**”). The terms Adjusted EBITDA and Adjusted Net Profit are not defined under the HKFRSs. The use of Adjusted EBITDA and Adjusted Net Profit has material limitations as an analytical tool, as they do not include all items that impact our profit or loss for the relevant years. The effect of items eliminated from Adjusted EBITDA and Adjusted Net Profit is a significant component in understanding and assessing our operating and financial performance.

In light of the foregoing limitations for Adjusted EBITDA and Adjusted Net Profit, when assessing our operating and financial performance, you should not view Adjusted EBITDA and Adjusted Net Profit in isolation or as a substitute for our profit/loss for the year or any other operating performance measure that is calculated in accordance with HKFRSs. In addition, because these non-HKFRS measures may not be calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies.

The following tables reconcile our Adjusted EBITDA and Adjusted Net Profit for the periods presented to the most directly comparable financial measures calculated and presented in accordance with HKFRSs. Adjusted EBITDA and Adjusted Net Profit are not required by, or presented in accordance with, HKFRSs.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit for the year	7,592	21,996
Add:		
Depreciation	9,686	7,942
Amortisation of intangible assets	1,367	2,553
Finance costs	14,561	10,009
Income tax expense	8,820	12,616
Share-based payment expenses	—	8,149
Impairment loss on goodwill	26,017	2,361
Adjusted EBITDA (unaudited)	68,043	65,626
	2024	2023
	RMB'000	RMB'000
Profit for the year	7,592	21,996
Add:		
Share-based payment expenses	—	8,149
Impairment loss on goodwill	26,017	2,361
Adjusted Net Profit (unaudited)	33,609	32,506

Selected Financial Information from Our Consolidated Statement of Financial Position

	2024	2023
	RMB'000	RMB'000
Cash and bank balances	602,813	534,899
Bank borrowings	567,670	303,500
Current assets	2,225,849	1,795,549
Current liabilities	912,885	563,893
Net current assets	1,312,964	1,231,656
Total equity	1,411,795	1,404,976

Cash and Bank Balances

As at 31 December 2024, we had cash and bank balances of RMB602.8 million, as compared with RMB534.9 million as at 31 December 2023. The increase in cash and bank balances was mainly due to the Group's financing activities through bank borrowings. Our cash and bank balances were denominated in Renminbi, Hong Kong dollars and US dollars.

Bank Borrowings

Our bank borrowings as at 31 December 2024 increased to RMB567.7 million as compared with RMB303.5 million as at 31 December 2023. The increase in bank borrowings was primarily due to the increase in external loans used for our business expansion. For more details, please refer to note 15 to the consolidated financial information in this announcement.

Net Current Assets

Our net current assets were RMB1,313.0 million as at 31 December 2024, as compared to RMB1,231.7 million as at 31 December 2023. Our current assets were RMB2,225.8 million as at 31 December 2024, as compared to RMB1,795.5 million as at 31 December 2023, primarily due to the increase in accounts receivables and prepayments, deposits and other receivables. Our prepayments, deposits and other receivables were RMB785.1 million as at 31 December 2024, as compared to RMB579.9 million as at 31 December 2023, which was mainly attributable to the increase in purchase of prepaid data traffic for the Group's business development needs. Our current liabilities were RMB912.9 million as at 31 December 2024, as compared to RMB563.9 million as at 31 December 2023, primarily due to the increase in interest-bearing bank borrowings and other payables and accruals.

Total Equity

As at 31 December 2024, our total equity was RMB1,411.8 million, as compared to RMB1,405.0 million as at 31 December 2023, mainly due to the net profit achieved during 2024.

Key Financial Ratios

	As at 31 December	
	2024	2023
Current ratio (times) ⁽¹⁾	2.4	3.2
Gearing ratio (%) ⁽²⁾	<u>39.4</u>	<u>28.8</u>
	Year ended 31 December	
	2024	2023
Adjusted net profit margin ⁽³⁾	<u>1.3%</u>	<u>1.5%</u>

Notes:

- (1) Current ratio was calculated based on our total current assets divided by our total current liabilities at the end of each financial period.
- (2) Gearing ratio was calculated based on our total liabilities divided by our total assets at the end of each financial period.
- (3) Adjusted net profit margin was calculated based on our adjusted net profit for the relevant period divided by our total revenues for the same period.

Current Ratio

Our current ratio decreased from 3.2 as at 31 December 2023 to 2.4 as at 31 December 2024, primarily due to the increase in current liabilities resulting from the increase in interest-bearing bank borrowings and other payables and accruals.

Gearing Ratio

Our gearing ratio increased from 28.8% as at 31 December 2023 to 39.4% as at 31 December 2024, mainly due to the increase in total liabilities.

Adjusted Net Profit Margin

Our adjusted net profit margin decreased from 1.5% in 2023 to 1.3% in 2024, primarily due to the decrease in gross profit margin.

Capital Expenditure and Investments

Our capital expenditures mainly consist of additions to property, plant and equipment and intangible assets. Our capital expenditures amounted to RMB2,855,000 and RMB430,000 in 2024 and 2023, respectively.

Funding and Treasury Policies

We expect to fund our working capital and other capital requirements from a combination of various sources, including but not limited to internal resources and external financing at reasonable market rates. We seek to improve the return of the equity and assets while adhering to our prudent funding and treasury policies.

Foreign Exchange Risk

The Group's subsidiaries primarily operate in the PRC and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollars and the Hong Kong dollars. Therefore, foreign exchange risk primarily arose from recognised assets and liabilities in the Group's PRC subsidiaries when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas business partners. We did not implement any hedging measures against any fluctuation in foreign currency during the year ended 31 December 2024.

Future Plans for Material Investment and Capital Assets

Save as disclosed in this announcement, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and Disposals

The Group did not have any material acquisitions and disposals of subsidiaries, associated companies and joint ventures during the year ended 31 December 2024.

Significant Investments

The Group had no significant investments for the year ended 31 December 2024.

Pledge on Assets

Certain deposits placed with banks were used as pledged assets for the Group's bank borrowings. For more details, please refer to note 15 to the consolidated financial information in this announcement.

Contingent Liabilities

As at 31 December 2024, we did not have any material contingent liabilities (2023: nil).

Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders.

During the year ended 31 December 2024, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

Further information of the corporate governance practice of the Company will be set out in the corporate governance report in the 2024 Annual Report.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code and maintain a high standard of corporate governance practices of the Company.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended 31 December 2024.

The Group’s employees, who are likely to be in possession of inside information of the Group, are also subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the employees was noted by the Company.

Audit Committee and Review of Financial Statements

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. CHEN Baoguo, Mr. JIN Yongsheng and Mr. YU Limin, all of whom are independent non-executive Directors. Mr. CHEN Baoguo is the chairman of the Audit Committee.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2024. The Audit Committee has also reviewed the accounting policies and practices adopted by the Company and discussed matters in relation to, among others, risk management, internal control and financial reporting of the Group with senior management and the Company’s auditor. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group’s consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the year ended 31 December 2024.

Scope of Work of the Auditor

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2024 as set out in the annual results announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited ("**ZHONGHUI ANDA**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by ZHONGHUI ANDA on this annual results announcement.

Sufficiency of Public Float

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

Subsequent Events

- (i) On 26 January 2025, Huanju Times, a wholly-owned subsidiary of the Company and Hainan Kunchuang Technology Co., Ltd.* (海南鯤創科技有限責任公司) (the “**JV Company**”) entered into a capital injection agreement with Lingshui Digital Culture Industry Cloud Technology Development Co., Ltd.* (陵水數字文化產業雲科技發展有限公司) (the “**JV Partner**”) in respect of the capital injection (“**Capital Injection**”) into the JV Company. Pursuant to the capital injection agreement, the JV Partner agrees to subscribe for 49% equity interest in the JV Company by way of capital injection of RMB49,000,000 (equivalent to approximately HK\$52,920,000) in cash. The Capital Injection was completed on 12 February 2025. For details of the Capital Injection, please refer to the announcement of the Company dated 26 January 2025.
- (ii) On 7 February 2025, Zhuhai Taiwei Xingchen Investment Management Co., Ltd. (珠海太微星辰投資管理有限公司) and Chongqing Jiangbei Industry Leading Private Equity Investment Fund Management Co., Ltd. (重慶江北產業引導私募股權投資基金管理有限公司), as general partners, Huanju Times, a wholly owned subsidiary of the Company and other limited partners entered into the limited partnership agreement in respect of the establishment of an investment fund in the form of Chongqing Jiangbei Rongka Private Equity Investment Fund Partnership (Limited Partnership)* (重慶江北融咖私募股權投資基金合伙企業(有限合伙)) (the “**Limited Partnership**”) in Jiangbei District, Chongqing city, the PRC. Pursuant to the limited partnership agreement, Huanju Times, as one of the limited partners, agreed to subscribe for limited partnership interest in the Limited Partnership for a capital commitment of RMB50,000,000 (equivalent to approximately HK\$54,000,000). The establishment of the Limited Partnership is expected to be completed in April 2025. For details of the establishment of the Limited Partnership, please refer to the announcement of the Company dated 7 February 2025.
- (iii) On 24 February 2025, the Company, as the issuer, entered into the placing agreement with Guoyuan Securities Brokerage (Hong Kong) Limited (the “**Placing Agent**”), pursuant to which the Placing Agent has conditionally agreed to place a maximum of 300,000,000 placing shares at the Placing Price of HK\$0.177 on a best efforts basis and will receive a placing commission of 0.5% of the aggregate placing price of the placing shares being placed. The placing was completed on 20 March 2025 and 244,600,000 placing shares, representing approximately 13.82% of the issued share capital (as enlarged by the allotment and issue of the placing shares) of the Company, have been allotted and issued by the Company to the placees at the placing price of HK\$0.177 per placing share. For the details of the placing, please refer to the announcements of the Company dated 24 February 2025 and 20 March 2025.

Publication of 2024 Annual Results and 2024 Annual Report of the Company

This annual results announcement of the Company is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wankaonline.com). The 2024 Annual Report will be dispatched to the shareholders of the Company and published on the aforesaid websites in due course.

APPRECIATION

On behalf of the Board, I hereby express my sincere appreciation to the management team and all employees. Because of your dedication, proactive work attitude and spirit, the Company has been able to maintain sustainable growth. We also greatly appreciate our partners, Shareholders and other stakeholders for their trust and support over the years. We will continue to focus on the areas where we have keen insight and enhance our professional capabilities in order to provide better services to the participants in the mobile internet ecosystem and make greater contributions to the construction and stable development of the industry ecosystem.

By order of the Board
Wanka Online Inc.
GAO Dinan
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the board of directors of the Company comprises Mr. GAO Dinan, Mr. NIE Xin, Ms. JIANG Yu and Mr. YU Dingyi as executive Directors; and Mr. CHEN Baoguo, Mr. JIN Yongsheng and Mr. YU Limin as independent non-executive Directors.