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通通AI社交集團有限公司

Tong Tong AI Social Group Limited

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of Tong Tong AI Social Group Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2024 together with the comparative figures, which have been reviewed by the Company's audit committee (the "**Audit Committee**").

HIGHLIGHTS

The Group's revenue increased substantially by RMB182.1 million or 222.1% from RM82.0 million for the year ended 31 December 2023 (the "**Corresponding Period**") to RMB264.1 million for the year ended 31 December 2024 (the "**Reporting Period**"). The Group's operating profit increased substantially by RMB21.7 million or 47.1% from RMB46.1 million for the Corresponding Period to RMB67.8 million for the Reporting Period.

The Group's profit for the year attributable to the owners of the Company amounted to RMB39.6 million for the Reporting Period (the Corresponding Period: RMB37.0 million).

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	**264,100**	82,024
Other income and other losses	5	**(15,527)**	(2,449)
Administrative expenses		**(55,960)**	(25,185)
Marketing expenses		**(120,227)**	–
Provision for expected credit loss ("**ECL**") on trade and loans receivables, net		**(3,466)**	(3,405)
Finance costs	7	**(1,150)**	(4,901)
Operating profit		**67,770**	46,084
Profit before tax	6	**67,770**	46,084
Income tax expense	8	**(9,264)**	(9,087)
Profit for the year		**58,506**	36,997
Profit for the year attributable to:			
Owners of the Company		**39,641**	36,997
Non-controlling interests		**18,865**	–#
		58,506	36,997
		RMB cents	*RMB cents*
Earnings per share			
— Basic	10	**0.98**	1.37

Less than RMB1,000

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

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

Less than RMB1,000

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Non-current assets			
Prepayment	*12*	**368,000**	368,000
Property, plant and equipment		**1,320**	31
Right-of-use assets		**2,039**	627
Goodwill		**463,743**	–
Intangible assets		**286,695**	–
Deferred tax assets		**3,596**	2,875
Total non-current assets		**1,125,393**	371,533
Current assets			
Trade and loan receivables	*11*	**1,326,021**	1,043,488
Prepayments, deposits and other receivables	*12*	**25,592**	2,802
Cash and cash equivalents		**130,485**	284,383
Total current assets		**1,482,098**	1,330,673
Current liabilities			
Trade payables	*13*	**23,552**	50
Other payables and accruals		**33,612**	5,777
Contract liabilities		**10,154**	–
Tax payables		**12,931**	11,617
Lease liabilities		**1,338**	567
Total current liabilities		**81,587**	18,011
Net current assets		**1,400,511**	1,312,662
Total assets less current liabilities		**2,525,904**	1,684,195

	Note	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Deferred tax liabilities		**1,371**	–
Borrowings		**58,954**	–
Lease liabilities		**512**	–
Total non-current liabilities		**60,837**	–
Net assets		**2,465,067**	1,684,195
Equity			
Share capital	*14*	**45,824**	230,159
Reserves		**2,224,978**	1,454,035
Equity attributable to owners of the Company		**2,270,802**	1,684,194
Non-controlling interests		**194,265**	1
Total equity		**2,465,067**	1,684,195

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1 CORPORATE AND GROUP INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business in Hong Kong is located at Suite 2912, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. Following the completion of the acquisition as detailed in note 15(i), in the opinion of the directors of the Company, the ultimate controlling shareholders of the Company are Mr. Wong Kwong Yu ("Mr. Wong") and Ms. Du Juan ("Ms. Du"), through Mega Bright Capital Resources Limited, a company incorporated in Hong Kong with limited liability, and Swiree Capital Limited, a company incorporated in the British Virgin Islands with limited liability, respectively. Mr. Wong and Ms. Du are hereinafter collectively referred to as the "Controlling Shareholders".

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

2 BASIS OF PREPARATION

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

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

4 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the internal reports reviewed and used by executive directors of the Company for strategic decision making. The executive directors consider the business from a product and service perspective.

Prior to the acquisition of new business as stated in the subsequent paragraph, the Group's businesses included commercial factoring business, finance lease business and other financial service segments.

During the year, the Group commenced business by engaging in (i) gaming development and publishing, along with the acquisition of GOME Faith International Investment Limited ("GOME FIIL"), GOME Faith Internet Technology Co., Limited ("GOME FITL"), and CashBox Group Technology (Hong Kong) Limited ("CashBox") (as detailed in note 15 (i)); and (ii) providing online data processing, transaction processing, and value-added telecommunications services, along with the acquisition of Beijing Liheng Enterprise Management Co., Ltd. ("Beijing Liheng") (as detailed in note 15 (ii)). These activities are considered as separate operating and reportable segments by the executive directors of the Company.

Summary of details of the operating segments which are categorised into the following reportable segments:

Operating segments	**Nature of business activities**
Commercial factoring business	Commercial factoring business in PRC
Other financing services	Finance lease business, financial information service and consultation service in PRC
Game development and publishing business	Provision of online advertising services and top-up services
Social networking business	Provision of online data processing, transaction processing and value-added telecommunications services

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that certain bank interest income, certain finance costs, exchange losses as well as items not specifically attributed to an individual reportable segment, such as unallocated corporate expenses, are excluded from such measurement.

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

	Year ended 31 December 2024						
	Commercial factoring business *RMB'000*	**Other financing services** *RMB'000*	**Game development and publishing business** *RMB'000*	**Social networking business** *RMB'000*	**Segments total** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Segment revenue:							
Revenue from external customers	80,371	33,331	139,850	10,548	264,100	–	264,100
Inter-segment revenue*	–	–	–	19,811	19,811	(19,811)	–
	80,371	33,331	139,850	30,359	283,911	(19,811)	264,100
Segment results	66,173	13,351	11,731	14,615	105,870	–	105,870
Reconciliation:							
Exchange losses							(21,067)
Unallocated bank interest income							3,199
Other unallocated expenses							(20,232)
Profit before tax							67,770
Income tax expense							(9,264)
Profit for the year							58,506

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

	At 31 December 2024				
	Commercial factoring business *RMB'000*	**Other financing services** *RMB'000*	**Game development and publishing business** *RMB'000*	**Social networking business** *RMB'000*	**Total** *RMB'000*
Segment assets	**1,311,314**	**25,199**	**753,532**	**86,637**	**2,176,682**
Reconciliation:					
Unallocated corporate assets					**430,809**
Total assets					**2,607,491**
Segment liabilities	**10,544**	**4,627**	**16,864**	**93,886**	**125,921**
Reconciliation:					
Unallocated corporate liabilities					**16,503**
Total liabilities					**142,424**

	Year ended 31 December 2024					
	Commercial factoring business *RMB'000*	**Other financing services** *RMB'000*	**Game development and publishing business** *RMB'000*	**Social networking business** *RMB'000*	**Unallocated items** *RMB'000*	**Total** *RMB'000*
Other segment information:						
Bank interest income	**1,393**	**484**	**189**	**1**	**3,199**	**5,266**
Depreciation and amortisation	**884**	**288**	**12,157**	**524**	**–**	**13,853**
Provision for ECL on trade and loan receivables	**2,886**	**–**	**580**	**–**	**–**	**3,466**
Addition to non-current assets	**–**	**–**	**688,341**	**69,735**	**–**	**758,076**

	Year ended 31 December 2023		
	Commercial factoring business *RMB'000*	Other financing services *RMB'000*	Total *RMB'000*
Segment revenue:			
Revenue from external customers	75,810	6,214	82,024
Segment results	68,180	2,588	70,768
Reconciliation:			
Exchange losses			(11,447)
Unallocated bank interest income			5,911
Finance costs			(4,901)
Other unallocated expenses			(14,247)
Profit before tax			46,084
Income tax expense			(9,087)
Profit for the year			36,997

	At 31 December 2023		
	Commercial factoring business *RMB'000*	Other financing services *RMB'000*	Total *RMB'000*
Segment assets	1,053,487	188,572	1,242,059
Reconciliation:			
Unallocated corporate assets			460,147
Total assets			1,702,206
Segment liabilities	10,556	2,088	12,644
Reconciliation:			
Unallocated corporate liabilities			5,367
Total liabilities			18,011

	Year ended 31 December 2023			
	Commercial factoring business	Other financing services	Unallocated items	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information:				
Bank interest income	2,820	238	5,911	8,969
Depreciation and amortisation	876	290	–	1,166
Provision for ECL on trade and loan receivables	3,405	–	–	3,405

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
PRC	**264,100**	82,024

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

(b) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
PRC	**753,797**	658

The non-current asset information above is based on the location of the assets and excludes deferred tax assets and financial assets.

Information about major customers

No customers individually contributed over 10% of the Group's total revenue for the year ended 31 December 2024. Revenue from customers contributing over 10% of the total revenue of the Group for the year ended 31 December 2023 are as follows:

	2024	2023
	RMB'000	*RMB'000*
Company A (*Notes a)*	**N/A**	10,541
Company B *(Notes a)*	**N/A**	10,526
Company C *(Notes a)*	**N/A**	9,979
Company D *(Notes a)*	**N/A**	9,704
Company E *(Notes a & b)*	**N/A**	8,861

Notes:

(a) The revenue was derived from commercial factoring loan receivables.

(b) The revenue was derived from a related party of the Group.

5 REVENUE, OTHER INCOME AND LOSSES

An analysis of revenue, other income and other gains and losses is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue not within the scope of HKFRS 15		
Interest income from commercial factoring loan receivables	**80,371**	75,810
Revenue within the scope of HKFRS 15		
Advertising service income	**26,538**	–
Top-up service income	**113,312**	–
Subscription income	**10,548**	–
Financial information service income	**33,331**	6,214
	183,729	6,214
	264,100	82,024
Timing of revenue recognition within the scope of HKFRS 15		
A point in time	**70,417**	6,214
Over time	**113,312**	–
	183,729	6,214
Other income		
Bank interest income	**5,266**	8,969
Others	**274**	29
	5,540	8,998
Other losses		
Exchange losses	**(21,067)**	(11,447)
	(15,527)	(2,449)

6 PROFIT BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	**20,519**	10,425
Retirement benefit scheme contributions	**1,585**	852
	22,104	11,277
Provision for ECL on loan receivables	**2,886**	3,405
Provision for ECL on trade receivables	**580**	–
	3,466	3,405
Auditor's remuneration	**1,380**	1,100
Depreciation of property, plant and equipment	**33**	–
Depreciation of right-of-use assets	**1,267**	1,166
Amortisation of intangible assets	**12,553**	–

7 FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	RMB'000	*RMB'000*
Interest expenses on:		
Other loan	**1,110**	–
Bank borrowings	**–**	4,491
Bonds issued	**–**	358
Lease liabilities	**40**	52
	1,150	4,901

8 INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the years ended 31 December 2024 and 2023. PRC Enterprise Income Tax has been provided at the rate of 25% (2023: 25%) for the year ended 31 December 2024 on the estimated assessable profits arising in the PRC during the year.

	2024	2023
	RMB'000	*RMB'000*
Current tax		
— PRC Enterprise Income Tax	**10,713**	8,939
(Over)/under-provision in prior years		
— PRC Enterprise Income Tax	**(728)**	990
	9,985	9,929
Deferred tax	**(721)**	(842)
Total tax expense for the year	**9,264**	9,087

9 DIVIDENDS

The directors did not recommend the payment of any dividend for the years ended 31 December 2024 and 2023.

10 EARNINGS PER SHARE

The calculations of basic earnings per share are based on:

	2024	2023
	RMB'000	*RMB'000*
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**39,641**	36,997

	2024	2023
	'000	*'000*
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**4,026,260**	2,701,123

Diluted earnings per share is not presented as the Company does not have any dilutive potential ordinary shares for the years ended 31 December 2024 and 2023.

11 TRADE AND LOAN RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade and loan receivables		
Commercial factoring loan receivables *(Note a)*	**1,281,656**	1,054,831
Trade receivables (Note *b)*	**59,309**	130
	1,340,965	1,054,961
Provision for ECL	**(14,944)**	(11,473)
	1,326,021	1,043,488

Notes:

(a) For commercial factoring loan receivables arising from the Group's commercial factoring business, customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan periods range from 90 to 360 days (2023: 90 to 360 days). The effective interest rates of the commercial factoring loans range from 6% to 8% (2023: 7.5% to 12%) per annum as at 31 December 2024.

As at 31 December 2024, the commercial factoring loan receivables with aggregate carrying amounts of RMB1,267,297,000 (2023: RMB1,043,358,000) were collateralised by the customers' accounts receivables with aggregate fair values of approximately RMB1,321,681,000 (2023: RMB1,123,474,000).

An ageing analysis of commercial factoring loan receivables as at the end of the reporting period, based on maturity dates set out in the relevant contracts, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Not yet matured	**1,281,656**	1,054,831
Provision for ECL	**(14,359)**	(11,473)
	1,267,297	1,043,358

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

(b) For trade receivables arising from the other financing services and game development and publishing business, customers are obliged to settle the amounts according to the terms set out in the relevant contracts. Trade receivables are due within 7 to 90 days from the invoice date.

	2024	2023
	RMB'000	*RMB'000*
0 to 30 days	**57,449**	–
31 to 60 days	**1,278**	–
61 to 90 days	**386**	–
Over 90 days	**196**	130
	59,309	130
Provision of ECL	**(585)**	–
	58,724	130

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

			2024		2023	
	Internal credit rating	**12m or lifetime ECL**	**Gross balance**	**Provision for ECL**	Gross balance	Provision for ECL
			RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Commercial factoring loan receivables	Normal	12m ECL	**1,281,656**	**14,359**	1,054,831	11,473
Trade receivables	Normal	Lifetime ECL (not credit-impaired)	**59,309**	**585**	130	–
			1,340,965	**14,944**	1,054,961	11,473

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

	Stage 1 (12-month ECL) *RMB'000*
At 1 January 2023	8,068
Charge for the year	11,473
Release for the year	(8,068)
At 31 December 2023 and 1 January 2024	11,473
Charge for the year	14,359
Release for the year	(11,473)
At 31 December 2024	14,359

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

	Lifetime ECL (not credit-impaired) *RMB'000*
At 1 January 2023, 31 December 2023 and 1 January 2024	–
Charge for the year	580
Exchange adjustment	5
At 31 December 2024	585

As at 31 December 2024, none of the Group's trade and loan receivables is credit-impaired (2023: nil).

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

12 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Prepayment for acquisition of TJGCMT *(Note)*	**576,000**	576,000
Deposits	**537**	203
Other prepayments	**11,424**	762
Other receivables	**13,631**	1,837
	601,592	578,802
Impairment loss on prepayment for acquisition of TJGCMT	**(208,000)**	(208,000)
	393,592	370,802
Carrying amounts analysed for reporting purpose:		
Current assets	**25,592**	2,802
Non-current assets	**368,000**	368,000
	393,592	370,802

Note:

As disclosed in the Company's circular dated 29 June 2017, the Group entered into a loan agreement on 7 June 2017 with Beijing Bosheng Huifeng Business Consulting Co., Limited (the "OPCO"), a company established in the PRC of which 90% equity interest is owned by Ms. Du, the controlling shareholder of the Company, to provide a non-interest-bearing loan of RMB720 million to OPCO solely for the Group's purpose of acquiring the entire equity interest of Tianjin Guanchuang Mei Tong Electronic Commerce Limited ("TJGCMT") from independent third parties, namely Tibet Yang Guan LLP and Mr. Mao Deyi (together the "Sellers"). On 25 July 2017, OPCO and the Sellers entered into an equity share transfer agreement (the "Transfer Agreement") pursuant to which OPCO agreed to buy and the Sellers agreed to sell the entire equity interest of TJGCMT. RMB576 million was paid by the Company to OPCO according to the aforesaid agreements and was recorded as prepayment under current assets since 2018 and was then reclassified as non-current assets since 2019.

According to the Transfer Agreement, the Transaction will only be considered as complete upon the change of actual controller of TJGCMT and such approval process is still under the review of the People's Bank of China ("PBOC") or its affiliated institutions and the change of actual controller of TJGCMT has not been completed as at 31 December 2024 and up to the date of this announcement.

Taking into account the uncertainty about the estimated time it will take for PBOC to complete the approval process and the change of actual controller of TJGCMT, and also the overall macro environment in the PRC, on 25 March 2024, a personal guarantee (the "Guarantee") was offered by Mr. Wong, spouse of Ms. Du, to guarantee the recoverability of the prepayment of RMB576 million. Pursuant to the Guarantee, Mr. Wong undertakes to request full refund either from the Sellers or through disposal of entire equity interest of TJGCMT ("Disposal Action"). If the Company decides to terminate the Transaction and cannot receive the proceeds resulting from the Disposal Action on or before 31 December 2025, Mr. Wong will make good any shortfall with his personal assets to the Group on or before 31 December 2026.

Given the abovementioned facts and circumstances and with the information currently available to the Group, the directors of the Company has decided to give some more time to wait for the Transaction to be completed. The directors of the Company has also performed an impairment assessment in respect of the recoverability of the Group's prepayment of RMB576 million to the OPCO. The impairment assessment performed by the management of the Group was based on a scenario analysis described below.

The recoverable amount of the prepayment for the year ended 31 December 2024 and 31 December 2023 has been determined based on (i) the valuation performed by an independent valuer on TJGCMT as at 31 December 2024 and 31 December 2023; and (ii) the market value of the personal assets of Mr. Wong as at 31 December 2024 and 31 December 2023.

For the year ended 31 December 2024 and 31 December 2023, as the recoverable amount of the prepayment is higher than its carrying amount, the directors of the Company considered that no impairment of prepayment would be recognised in profit or loss.

13 TRADE PAYABLES

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

	2024	2023
	RMB'000	*RMB'000*
0 to 30 days	**23,484**	–
Over 90 days	**68**	50
	23,552	50

The trade payables are non-interest-bearing and the Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The average credit period is 60 days.

14 SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares		
Authorised		
At 1 January 2023, 31 December 2023 and 1 January 2024 (HK$0.1 each)	6,000,000	600,000
Share Subdivision *(Note (a)(ii))*	54,000,000	–
At 31 December 2024 (HK$0.01 each)	60,000,000	600,000

	Number of shares '000	Amount RMB'000
Issued and fully paid		
At 1 January 2023, 31 December 2023 and 1 January 2024 (HK$0.1 each)	2,701,123	230,159
Capital Reduction *(Note (a)(i))*	–	(207,143)
Issuance of shares on acquisition of subsidiaries *(Note (b))*	2,500,000	22,808
At 31 December 2024 (HK$0.01 each)	5,201,123	45,824

Notes:

(a) The Company completed a capital reorganisation by way of capital reduction and share subdivision (the "Capital Reorganisation") which became effective on 21 June 2024. The Capital Reorganisation involved the following:

(i) the reduction of issued share capital of the Company whereby the par value of each issued share of the Company ("Share(s)") reduced from HK$0.1 to HK$0.01 by cancelling HK$0.09 of the paid-up capital on each issued Share (the "Capital Reduction");

(ii) immediately following the Capital Reduction, the subdivision of each unissued Share of HK$0.1 in the authorised share capital of the Company into 10 Shares of HK$0.01 each (the "Share Subdivision") so that immediately following the Capital Reduction and the Share Subdivision, the authorised share capital of the Company became HK$600,000,000 divided into 60,000,000,000 Shares of HK$0.01 each; and

(iii) the reduction of the entire amount resulted to the credit of the contributed surplus account of the Company.

(b) Upon the completion of the Capital Reorganisation, the Company issued 2,500,000,000 ordinary shares at the closing price of HK$0.229 per Share at the completion date of the acquisition as detailed in note 15(i) (i.e. 21 June 2024), totalling HK$572,500,000 or equivalent to RMB522,303,000. The issuance of the Shares resulted to the credit of the share capital account and share premium account of RMB22,808,000 and RMB499,495,000 respectively.

15 ACQUISITION OF BUSINESS

(i) CashBox Acquisition

On 16 October 2023, the Company entered into a sale and purchase agreement with Mega Bright Capital Resources Limited ("Mega Bright"), which is wholly-owned by Mr. Wong, to acquire 100% equity interest in GOME FIIL at a consideration to be settled by issuing 2,185,286,341 new Shares to Mega Bright. GOME FIIL is an investment holding company and holds 51.15% equity interest in GOME FITL, and GOME FITL in turn holds 47.7% equity interest in CashBox.

On the same date, the Company entered into another sale and purchase agreement with Hong Kong Mingrun Business Co., Limited ("Mingrun Business") to acquire 3.3% equity interest in CashBox at a consideration to be settled by issuing 314,713,659 new Shares to Mingrun Business. CashBox is engaged in the provision of online advertising services and top-up services (together with the acquisition of equity interests in GOME FIIL disclosed above referred to as "CashBox Acquisition").

Upon completion of CashBox Acquisition on 21 June 2024 (the "Completion Date of CashBox Acquisition"), GOME FIIL, GOME FITL and CashBox became subsidiaries of the Company with effective shareholding of 100%, 51.15% and 27.70%, respectively (collectively referred to as "CashBox Business"). CashBox Acquisition has been accounted for as acquisition of business using the acquisition method.

Consideration transferred

	RMB'000
Equity instruments issued	522,303

Among acquisition-related costs of approximately RMB5,362,000 in total, RMB3,242,000 (2023: RMB2,120,000) are expensed and are included in administrative expenses during the year ended 31 December 2024.

Assets and liabilities of CashBox Business recognised at the Completion Date of CashBox Acquisition

	RMB'000
Intangible assets	224,032
Trade receivables	57,817
Prepayments and other receivables	12,032
Cash and cash equivalents	7,338
Trade payables	(34,634)
	266,585

The receivables acquired (which principally comprised trade receivables) with a fair value of RMB69,849,000 at the Completion Date of CashBox Acquisition had gross contractual amount of RMB69,849,000.

Non-controlling interests

The non-controlling interests in CashBox Business recognised at the Completion Date of CashBox Acquisition was measured by reference to the proportionate share of recognised amounts of net assets of Cash Box Business amounted to RMB195,132,000.

Goodwill arising on CashBox Acquisition

	RMB'000
Consideration transferred	522,303
Add: non-controlling interests	195,132
Less: recognised amounts of net identifiable assets	(266,585)
Goodwill arising on CashBox Acquisition	450,850

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

Net cash inflow arising on CashBox Acquisition

	RMB'000
Cash and cash equivalents acquired	7,338

(ii) Beijing Liheng Acquisition

On 28 August 2024, a non-wholly owned subsidiary of the Company, Fuqin (Ningbo) Technology Co., Ltd.* ("**Fuqin**") and the PRC registered shareholders of Beijing Liheng who are the directors of the Company, entered into a sale and purchase agreement, to acquire 100% equity interest in Beijing Liheng at nil consideration ("**Beijing Liheng Acquisition**").

Upon completion of Beijing Liheng Acquisition on 28 August 2024 (the "**Completion Date of Beijing Liheng Acquisition**"), the Company, through Fortune Thought Limited, an indirectly non-wholly owned subsidiary of the Company, holds Beijing Liheng as an indirectly non-wholly owned subsidiary of the Company with effective shareholding of 26%. Beijing Liheng Acquisition has been accounted for as acquisition of business using the acquisition method.

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

Consideration transferred

	RMB'000
Consideration	–

Among acquisition-related costs of approximately RMB278,000 in total are expensed and are included in administrative expenses during the year.

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

	RMB'000
Property, plant and equipment	375
Right-of-use assets	295
Intangible assets	38,364
Prepayments and other receivables	2,469
Cash and cash equivalents	1,000
Trade and other payables	(18,702)
Contract liabilities	(255)
Borrowings	(55,128)
Deferred tax liabilities	(1,371)
Lease liabilities	(295)
	(33,248)

The receivables acquired with a fair value of RMB2,469,000 at the Completion Date of Beijing Liheng Acquisition had gross contractual amount of RMB2,469,000.

Non-controlling interests

The non-controlling interests in Beijing Liheng recognised at the Completion Date of Beijing Liheng Acquisition was measured by reference to the proportionate share of recognised amounts of net liabilities of Beijing Liheng amounted to RMB24,712,000.

Goodwill arising on Beijing Liheng Acquisition

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

Net cash inflow arising on Beijing Liheng Acquisition

	RMB'000
Cash and cash equivalents acquired	1,000

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

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

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

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

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

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

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

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

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

INDUSTRY ENVIRONMENT

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

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

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

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

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

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

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

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

BUSINESS REVIEW

Commercial Factoring Business

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

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

Other Financial Services Business

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

Game Development and Publishing Business

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

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

Cashbox has developed a range of classic mini casual games, such as Solitaire Odyssey etc. During the Reporting Period, a total of 221 games were launched, and as of 31 December 2024, Cashbox had developed and released over 500 games. CashBox has independently developed and upgraded to the latest BI 3.0 system, which supports the rapid development of business through a standardized and replicable platform model, enabling efficient and precise game promotion, fine-tuned game operations, and rapid revenue generation post-launch. Additionally, with the increasing number of product releases and strategic adjustments, user coverage now spans over 100 countries, while the average ARPPU (Average Revenue Per Paying User) for active users continues to rise. The user base of Cashbox is primarily concentrated in densely populated countries such as the United States, Brazil, India, and Indonesia. During the Reporting Period, Cashbox recorded a revenue of RMB 139.9 million.

Social Networking Business

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

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

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

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

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

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

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

FINANCIAL REVIEW

Results highlights

Revenue

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

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

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

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

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

Other income and other losses

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

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

Administrative expenses

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

Marketing expenses

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

Finance costs

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

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

Commercial factoring business

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

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

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

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

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

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

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

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

Other financial services business

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

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

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

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

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

Game development and publishing business

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

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

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

Social Networking Business

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

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

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

Key operating data of the Group

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

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

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

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

Provision for ECL

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

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

Credit policies and credit approval procedures

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

(i) Loan Application and Due Diligence

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

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

(ii) Review and Approval

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

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

(iii) Signing and Closing

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

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

(iv) Collection and Recovery

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

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

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

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

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

Valuation of the corresponding equity value of prepayment for acquisition

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

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

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

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

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

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

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

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

Given the abovementioned facts and circumstances and with the current available information, management of the Company had performed an impairment assessment on the equity value corresponding to the Prepayment made by the Group to the OPCO as at 31 December 2024. Since the estimated recoverable amount of the Prepayment was larger than its carrying amount, the Directors considered that no impairment of the Prepayment would be recognised for the Reporting Period (the Corresponding Period: nil). For details, please refer to note 12 to the consolidated financial statements in this announcement.

PROSPECT

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

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

During the Reporting Period, the Group recorded cash outflow from its operating activities of RMB152.4 million (the Corresponding Period: RMB84.2 million), which was mainly attributable to the increase in trade receivables and loan receivables of RMB227.7 million (the Corresponding Period: RMB125.7 million). The Group recorded a cash outflow from investing activities of RMB20.9 million during the Reporting Period, compared to an inflow of RMB443.2 million in the Corresponding Period which was mainly due to the withdrawal of pledged deposit for bank loans of RMB434.2 million during the Corresponding Period. The Group recorded a cash outflow from financing activities of RMB1.4 million (the Corresponding Period: RMB391.7 million) as a result of the repayment of principal portion of lease payments and other finance charges.

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

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

CAPITAL STRUCTURE

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

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

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

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

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

The CashBox Acquisition

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

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

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

The Beijing Liheng Acquisition

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

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

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

SIGNIFICANT INVESTMENTS

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

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

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

TREASURY POLICIES AND FOREIGN EXCHANGE EXPOSURE

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

STAFF AND REMUNERATION

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2024, the Company had complied with all code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), except for the deviation disclosed below.

Code provision C.2.1 and Code provision C.2.7

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the Reporting Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

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

EVENTS AFTER THE REPORTING PERIOD

Continuing Connected Transactions — New Factoring Service Framework Agreement

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

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

Contractual Arrangements

The Acquisition of Beijing Yiheng

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

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

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

The Acquisition of Beijing Jiayu

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

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

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

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

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

AUDIT COMMITTEE

The Audit Committee was established in accordance with Rule 3.21 of the Listing Rules with primary duties of reviewing and providing supervision over the Group's financial reporting process, internal controls and risk management. As at the date of this announcement, the Audit Committee comprises four members including three independent non-executive Directors, namely Mr. Mak Yau Kee Adrian (Chairman), Professor Japhet Sebastian Law, Professor Huang Song and one non-executive Director, namely Ms. Wei Ting.

The Audit Committee has reviewed the audited consolidated financial results of the Company for the year ended 31 December 2024, before proposing them to the Board for approval.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board of Directors. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

A notice convening the forthcoming annual general meeting of the Company will be published and (if applicable) despatched to the shareholders of the Company in the manner required by the Listing Rules and the Bye-laws of the Company in due course.

PUBLICATION OF FINANCIAL INFORMATION

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.00628.hk.com). The Company's annual report for the year ended 31 December 2024 containing all information required by the Listing Rules will be dispatched to the Shareholders of the Company (if applicable) and available on the above websites in due course.

By Order of the Board
Tong Tong AI Social Group Limited
Zhou Yafei
Chairman of the Board

Beijing, 28 March 2025

As at the date of this announcement, the Company's executive Directors are Mr. Zhou Yafei and Mr. Song Chenxi; the non-executive Directors are Ms. Wei Ting and Ms. Wu Qian; and the independent non-executive Directors are Mr. Mak Yau Kee Adrian, Professor Japhet Sebastian Law and Professor Huang Song.