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Infinites Technology International (Cayman) Holding Limited

多牛科技國際(開曼)集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1961)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Infinites Technology International (Cayman) Holding Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024. The annual results have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

FINANCIAL PERFORMANCE HIGHLIGHTS

	Year ended 31 December		Change %
	2024 (RMB'000)	2023 (RMB'000)	
Revenue	258,478	263,880	-2.0%
Gross profit	32,679	38,197	-14.4%
Loss for the year	<u>(50,886)</u>	<u>(53,780)</u>	-5.4%

DIVIDENDS

The Board does not recommend the payment of any final dividend for the year ended 31 December 2024 (for the year ended 31 December 2023: Nil).

REVIEW OF OPERATION

Business Review

With breakthroughs in artificial intelligence (AI) technology, the application of AI technology in various industries has begun to flourish. At the beginning of 2024, China once again proposed to accelerate the development of new quality productive forces and steadily promote high-quality development. Predictably, the digital entertainment service industry will also further develop towards informatization, digitization, and intelligence in the future. The Company keeps up with the times, further solidifying its strategic goal of using AI technology as the core to create a diversified digital entertainment service platform for global users. The Company has accumulated substantial resources and technical advantages in mobile games, digital media, gaming products supply and other businesses. In the future, we will gradually integrate various businesses with AI technology, make product iteration and upgrades, further enhance user viscosity of products, and achieve the goal of reducing costs and increasing efficiency. Through continuous optimization of the existing business structure, the Company is able to forge ahead steadily. Meanwhile, in 2024, the Company newly expanded into AI application development and related services, providing partners with more excellent AI products and services, while accumulating more AI technology advantages for the Company.

The Company's revenue decreased by RMB5.4 million, or 2.0%, from approximately RMB263.9 million for the year ended December 31, 2023 ("FY2023") to approximately RMB258.5 million for the year ended December 31, 2024 ("FY2024"). The decrease was mainly due to the decrease in revenue from the mobile game business of approximately RMB70.5 million, the increase in revenue from the digital media business by approximately RMB88.8 million, and the decrease in revenue from the game products supply business by approximately RMB23.7 million. Gross profit decreased by approximately RMB5.5 million, or 14.4%, from approximately RMB38.2 million in 2023 to approximately RMB32.7 million in 2024. The decrease was mainly due to the decrease in gross profit contribution from the mobile game business during the current period.

The loss for the year in FY2024 was approximately RMB50.9 million, while the loss for the year in FY2023 was approximately RMB53.8 million. The narrowing of losses was mainly due to (i) an increase in other income and gains, net, of approximately RMB10.9 million; (ii) a decrease in research and development expenses of approximately RMB7.9 million; (iii) a decrease in other expenses of approximately RMB3.0 million; and (iv) a decrease in income tax expenses of approximately RMB2.0 million was partially offset by (i) a decrease in gross profit of approximately RMB5.5 million; (ii) an increase in administrative expenses of approximately RMB8.7 million; and (iii) an increase in impairment of trade receivables of approximately RMB6.1 million.

OUTLOOK

The boom of AI technology development has brought a new round of evolution and opportunities to various industries. The digital entertainment service industry aligns with AI technology, quickly becoming the frontier of technological innovation. It has not only rapidly developed in terms of technological integration, but also demonstrated astonishing speed and efficiency in practical application. The integration of AI technology has enriched and enhanced the form of performance and user experience of digital entertainment services, and will also provide new energy for the innovation and development of the overall digital entertainment service industry.

At the same time, the global players' demand for high-quality and diversified gaming products continues to grow. Domestic games like the Black Myth: Wukong continue to gain influence globally, and gradually demonstrate their competitiveness internationally. In the future, the domestic and overseas gaming markets will experience stronger development.

The Company will focus on the future, seize the industry opportunities brought by the boom of AI technology, and continue to increase investment in mobile games development, digital media development, AI technology development and overseas market expansion. We will further explore the integration of AI technology with our businesses, continuously uncover new application scenarios of products, integrate resources to make innovation, create more product portfolios, and further expand the accumulation and expansion of advertising distribution service experience to provide customers with more high-quality advertising integrated marketing solutions, providing customers with more efficient advertising and promotion services for their products.

PROSPECTS

In 2025, the Company will continue to focus on AI technology, increase efforts in technology development, promote the application of products, further improve the digital entertainment service ecosystem empowered by AI technology, and achieve the integrated development of mobile games and digital media businesses with AI technology. We will also enhance user experience and user viscosity through technological innovation and product iteration.

Meanwhile, the Company will strengthen the development of mobile games and actively expand into overseas markets. By collaborating with well-known intellectual property companies and renowned gaming companies, the Company will create high-quality games and continuously enhance its reputation and influence in the international market. The Company will deepen the business structure of digital media, enhance its capability for digital media distribution services, and provide higher-quality advertisement services to partners, to gain mutual benefits.

Looking forward, the Company will continue to adhere to the principles of allocating resources in a flexible and timely manner. While ensuring the steady development of existing businesses, the Company will closely monitor market demands, continuously advance its diversified business development strategies empowered by AI technology, improve the efficiency of digital entertainment service platforms, provide users with higher-quality products and services, and lay a more solid foundation for the Company's long-term development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Mobile Games

The mobile games consist of development and operation of mobile games and information services where the Group cooperated with corporate customers to integrate media content in some of the mobile games the Group operate.

The following table sets forth certain operating statistics relating to the mobile games of the Group in the periods indicated:

	Year ended 31 December		Change %
	2024	2023	
Game			
Number of paying players ('000)	468.4	1,833.8	-74.5%
Average MPUs ('000)	39.0	152.8	-74.5%
Average ARPPU (RMB)	99.3	102.7	-3.3%

- MPUs. The average monthly paying users (“MPUs”) for the gaming business decreased to approximately 39.0 thousand for the year ended 31 December 2024 from approximately 152.8 thousand for the year ended 31 December 2023. The decrease was primarily due to the decline in the Group’s gaming business scale resulting from the competitive environment in the gaming business during the year.
- ARPPU. The average revenue per paying user (“ARPPU”) level of the gaming business decreased to approximately RMB99.3 for the year ended 31 December 2024 from RMB102.7 for the year ended 31 December 2023. The decrease was mainly due to the insufficient promotional effect of the Group’s gaming business amidst the competitive environment in the gaming business during the year.

The following table sets forth the Group's consolidated statement of profit or loss for the year ended 31 December 2024 as compared to the year ended 31 December 2023:

	Year ended 31 December		Change %
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	
Revenue	258,478	263,880	-2.0%
Cost of sales	(225,799)	(225,683)	0.1%
Gross profit	32,679	38,197	-14.4%
Other income and gains, net	13,168	2,300	472.5%
Selling and distribution expenses	(7,921)	(7,439)	6.5%
Administrative expenses	(46,294)	(37,578)	23.2%
Research and development expenses	(17,967)	(25,863)	-30.5%
Impairment of trade receivables, net	(12,432)	(6,342)	96.0%
Other expenses	(12,951)	(16,006)	-19.1%
Finance costs	(418)	(312)	34.0%
Share of losses of associates	(26)	(36)	-27.8%
Loss before tax	(52,162)	(53,079)	-1.7%
Income tax credit/(expense)	1,276	(701)	-282.0%
Loss for the year	(50,886)	(53,780)	-5.4%

Revenue

Revenue decreased by approximately RMB5.4 million or 2.0% to approximately RMB258.5 million for the year ended 31 December 2024 from approximately RMB263.9 million for the year ended 31 December 2023. The following table sets forth the revenue of the Group by business segment for the years ended 31 December 2023 and 2024:

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>% to total revenue</i>	<i>RMB'000</i>	<i>% to total revenue</i>
Mobile games				
— Development and operation	75,333	29.1%	144,416	54.7%
— Information services	124	0.1%	1,583	0.6%
Digital media				
— Content distribution	737	0.3%	2,210	0.9%
— Advertisement distribution services	111,547	43.2%	38,579	14.6%
— Subscription fee of AIGC mobile app	1,563	0.6%	25,416	9.6%
— AI application development and related services	41,200	15.9%	—	—
Gaming products supply	27,974	10.8%	51,676	19.6%
Total Revenue from contracts with customers	<u>258,478</u>	<u>100.0%</u>	<u>263,880</u>	<u>100.0%</u>

- Revenue generated from the Group's mobile games decreased by approximately RMB70.5 million or 48.3% to approximately RMB75.5 million for the year ended 31 December 2024 from approximately RMB146.0 million for the year ended 31 December 2023. Such decrease was primarily due to the keen competition in the gaming business, the insufficient promotional effect of the Group's gaming business and the end of certain game life cycle during the year.

- Revenue generated from the Group’s digital media increased by approximately RMB88.8 million or 134.2% to approximately RMB155.0 million for the year ended 31 December 2024 from approximately RMB66.2 million for the year ended 31 December 2023. Such increase was primarily due to the fact that we have adjusted our business structure during the year, by promoting our advertisement distribution services and expanding into AI application development and related services.
- Revenue generated from the Group’s gaming products supply business decreased by approximately RMB23.7 million or 45.9% to approximately RMB28.0 million for the year ended 31 December 2024 from approximately RMB51.7 million for the year ended 31 December 2023. Such decrease was primarily due to the decrease in the gaming products demands resulting from the delay in the release of new products for the main selling game products and the relatively saturated market for the existing products.

Cost of sales

Cost of sales increased by approximately RMB0.1 million or 0.1% to approximately RMB225.8 million for the year ended 31 December 2024 from approximately RMB225.7 million for the year ended 31 December 2023. The increase was mainly due to the increase in costs of sales as a result of the strong promotion of our advertisement distribution services and the newly established AI application development and related services during the year. For the year ended 31 December 2024, the proportion of cost of sales to total revenue amounted to approximately 87.4% (for the year ended 31 December 2023: approximately 85.5%).

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB0.5 million or 6.5% to approximately RMB7.9 million for the year ended 31 December 2024 from approximately RMB7.4 million for the year ended 31 December 2023. The increase was mainly due to the increase in employee benefit expense during the year.

Administrative expenses

Administrative expenses increased by approximately RMB8.7 million or 23.2% to approximately RMB46.3 million for the year ended 31 December 2024 from approximately RMB37.6 million for the year ended 31 December 2023. Such increase was principally due to the increase in expenses such as the employee benefit expense, intangible asset amortisation and professional fees during the year.

Research and development expenses

Research and development expenses decreased by approximately RMB7.9 million or 30.5% to approximately RMB18.0 million for the year ended 31 December 2024 from approximately RMB25.9 million for the year ended 31 December 2023. Such decrease was principally due to the decrease in staff cost during the year.

Other income and gains, net

Other income and gains, net increased to approximately RMB13.2 million for the year ended 31 December 2024 from approximately RMB2.3 million for the year ended 31 December 2023. Such increase was mainly due to the increase in the Group's gain on disposal of subsidiaries, gain on sale of a game, and commission income on the provision of advertisement traffic.

Impairment of trade receivables

Impairment of trade receivables was approximately RMB12.4 million for the year ended 31 December 2024, as compared to approximately RMB6.3 million for the year ended 31 December 2023. Such increase was mainly due to the increase in impairment provision due to impairment risk considerations as there was a decline in the ability of cash collection in our business during the year.

Other expenses

Other expenses for the year ended 31 December 2024 was approximately RMB12.9 million, as compared to approximately RMB16.0 million for the year ended 31 December 2023. The decrease was mainly due to the decrease in the impairment provision of the Group's investments in associates.

Finance costs

Finance costs for the year ended 31 December 2024 was approximately RMB418,000 (for the year ended 31 December 2023: approximately RMB312,000). Such increase was mainly due to the increase in interest on loans from fellow subsidiaries and bank borrowings.

Income tax

The Group recognised income tax credit of approximately RMB1.3 million for the year ended 31 December 2024 while the income tax expense was approximately RMB0.7 million for the year ended 31 December 2023. Such decrease was mainly attributable to the decrease in deferred income taxes during the year.

Loss for the year

Based on the foregoing, the loss for the year was approximately RMB50.9 million for the year ended 31 December 2024, as compared to the loss for the year of approximately RMB53.8 million for the year ended 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	<u>3,863</u>	<u>37,211</u>

The Group's total cash and cash equivalents amounted to approximately RMB3.9 million as at 31 December 2024, as compared to approximately RMB37.2 million as at 31 December 2023. Such decrease was mainly due to the decrease in business collection capacity during the year.

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimise the costs of fundings, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in Renminbi (“**RMB**”), followed by Hong Kong dollars (“**HKD**”), US dollars (“**USD**”), and Japanese Yen (“**JPY**”).

The Group's bank borrowing balance as at 31 December 2024 was RMB3.0 million (as at 31 December 2023: nil). As at 31 December 2024, the Group's gearing ratio (calculated as bank borrowings and loans from fellow subsidiaries divided by total assets) was 1.1% (as at 31 December 2023: 0.04%).

MATERIAL ACQUISITION AND DISPOSAL AND SIGNIFICANT INVESTMENT

On 8 September 2023, the Company entered into a share purchase agreement with Infinities B&M Technology Limited (“**Infinities B&M**”), pursuant to which the Company conditionally agreed to acquire and Infinities B&M conditionally agreed to sell the entire issued share capital of Infinities Wonder Limited (“**Infinities Wonder**”) at the consideration of HK\$134,820,000. The consideration shall be satisfied by the 96,300,000 shares to be issued and allotted by the Company under specific mandate. On 24 April 2024, the Company completed the acquisition, and held the entire issued share capital of Infinities Wonder, while Infinities Wonder has become a wholly-owned subsidiary of the Company and indirectly owns 60% equity interest in Beijing Wande. Pursuant to the share purchase agreement, the Company has allotted and issued 96,300,000 consideration shares at the issue price of HK\$1.4 per consideration share to Infinities B&M under the acquisition. For details, please refer to the announcement of the Company dated 24 April 2024.

Saved as disclosed in the announcement, there were no material acquisition and disposal of subsidiaries, associates and joint ventures, or significant investments held by the Group for the year ended 31 December 2024.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant unrecorded contingent liabilities.

HUMAN RESOURCES

As at 31 December 2024, the Group had a total of 115 employees (as at 31 December 2023: 51 employees), who are based in Guangzhou, Beijing, Chengdu and Hong Kong. Total staff costs were approximately RMB26.6 million for the year ended 31 December 2024. The Group provides employees with competitive remuneration and various benefits including housing, pension, medical and unemployment benefit plan, and the Group’s remuneration policies are formulated according to the assessment of individual performance and are periodically reviewed. The Group provide customized and continuous on-the-job training to our new employees by experienced mentors from relevant teams or departments.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed, the Group did not have any significant events after 31 December 2024 and up to the date of this announcement.

PRINCIPAL RISKS AND UNCERTAINTIES

Although the Group has successfully established its mobile games, there are certain risks that could adversely affect the Group's operations and financial results due to the immaturity of the mobile game industry in the PRC. The major hurdles include (i) new policies or any amendment to the current policies in relation to the mobile game industry; (ii) reliance on distribution channel providers; (iii) the game portfolio included games that are self-developed or licensed games, so the Group's operations may be adversely affected if the Group cannot seek alternatives in a timely manner; and (iv) the Group may be exposed to payment delays or defaults from settlement agents, which would adversely affect the Group's cash flow or financial results.

Meanwhile, for the Group's established digital media content, the major hurdles include external interruptions such as system disruption, hacking or service suspension on any of the distribution platforms or the publishing platform.

With regard to the Group's newly established business, gaming products supply, as the Group's suppliers include both domestic and overseas suppliers, the main difficulties faced by the Group include (i) the quality of game products purchased from suppliers, as well as losses during transportation; (ii) relying on a single customer; and (iii) fluctuations in foreign exchange rates that may adversely affect the Group's cash flow or financial results.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	258,478	263,880
Cost of sales		<u>(225,799)</u>	<u>(225,683)</u>
Gross profit		32,679	38,197
Other income and gains, net	4	13,168	2,300
Selling and distribution expenses		(7,921)	(7,439)
Administrative expenses		(46,294)	(37,578)
Research and development expenses		(17,967)	(25,863)
Impairment of trade receivables, net		(12,432)	(6,342)
Other expenses		(12,951)	(16,006)
Finance costs		(418)	(312)
Share of losses of associates		<u>(26)</u>	<u>(36)</u>
Loss before tax	5	(52,162)	(53,079)
Income tax credit/(expense)	6	<u>1,276</u>	<u>(701)</u>
Loss for the year		<u>(50,886)</u>	<u>(53,780)</u>
Attributable to:			
Owners of the parent		(51,015)	(53,320)
Non-controlling interests		<u>129</u>	<u>(460)</u>
		<u>(50,886)</u>	<u>(53,780)</u>
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted	8	<u>RMB(7.3) cents</u>	<u>RMB(9.0) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(50,886)	(53,780)
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of group companies	<u>3,496</u>	<u>2,837</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>(3,417)</u>	<u>(1,903)</u>
Other comprehensive income for the year	<u>79</u>	<u>934</u>
Total comprehensive loss for the year	<u>(50,807)</u>	<u>(52,846)</u>
Attributable to:		
Owners of the parent	(50,936)	(52,386)
Non-controlling interests	<u>129</u>	<u>(460)</u>
	<u>(50,807)</u>	<u>(52,846)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2024	2023
		RMB'000	RMB'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		5,089	6,893
Right-of-use assets		4,611	7,788
Interests in associates		296	3,961
Equity investments designated at fair value through other comprehensive income		3,004	6,421
Prepayments and deposits		6,945	13,814
Goodwill	11	61,279	–
Intangible asset		53,193	–
Total non-current assets		134,417	38,877
Current assets			
Trade receivables	9	152,689	84,753
Prepayments, deposits and other receivables		259,654	67,315
Cash and cash equivalents		3,863	37,211
Total current assets		416,206	189,279
Current liabilities			
Trade payables	10	129,731	59,275
Contract liabilities		463	16,795
Other payables and accruals		212,853	23,409
Interest-bearing bank borrowings		3,000	–
Lease liabilities		2,903	3,470
Loan from fellow subsidiaries		3,220	100
Tax payable		1,802	1,467
Total current liabilities		353,972	104,516
Net current assets		62,234	84,763
Total assets less current liabilities		196,651	123,640
Non-current liabilities			
Lease liabilities		1,796	4,875
Deferred tax liabilities		15,601	2,303
Total non-current liabilities		17,397	7,178
Net assets		179,254	116,462

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	6,650	5,683
Reserves	<u>151,294</u>	<u>105,476</u>
	157,944	111,159
Non-controlling interests	<u>21,310</u>	<u>5,303</u>
Total equity	<u><u>179,254</u></u>	<u><u>116,462</u></u>

NOTES

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 606, West Building, Fangyuan E Time, 12-1 Keyun Road, Tianhe District, Guangzhou, PRC. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 17 March 2020.

During the year, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the development and operation of mobile games, the distribution of digital media content and gaming products supply in China and overseas.

In the opinion of the Directors, the ultimate holding company of the Company is Infinities Technology (Cayman) Holding Limited, a company incorporated in the Cayman Islands.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income which have been measured at fair value. They are presented in RMB and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

Basis for consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

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

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

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

Going concern

The Group incurred a loss for the year of RMB51 million with net cash outflows used in operating activities of RMB55 million during the year ended 31 December 2024. As at 31 December 2024, the Group's cash and cash equivalents amounted to RMB3.9 million, and interest-bearing borrowings amounted to RMB6.2 million which have been classified as current liabilities.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company are undertaking a number of plans and measures to improve the Group's liquidity and financial position, including, inter alia:

- (i) To finance the Group's businesses, the Group has obtained a long-term loan facility from an entity of which its controlling shareholder was appointed as a non-executive director of the Company effective from 28 March 2025 in the amount of HK\$250 million; and
- (ii) To improve the current and future financial performance and liquidity conditions, various financial performance and resources improvement plans and measures have been implemented/contemplated by the Group to focus on improving the financial performance and liquidity of the Group and to enable the Group to take advantage of any growth opportunities in the future, including:
 - (a) Focusing resources in digital marketing;
 - (b) Implementing measures to speed up the collection of outstanding trade and other receivables; and
 - (c) Exploring other debt or equity financing arrangements.

The directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than 12 months from 31 December 2024. They are of the opinion that, taking into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next 12 months from 31 December 2024. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following: (a) timely availability of funds from the loan as mentioned in (i) above; and (b) the appropriateness of key assumptions applied in estimating the cash flow projections including cash flows from settlements of trade and other receivables, forecast revenue and budgeted costs and expenses.

Should the going concern assumptions be inappropriate, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sales and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of finance statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

Geographical information

(a) Revenue from external customers

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Mainland China	159,414	118,099
Other countries/regions	99,064	145,781
Total revenue	<u>258,478</u>	<u>263,880</u>

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

(b) Non-current assets

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Mainland China	123,048	16,082
Other countries/regions	1,420	2,560
Total non-current assets	<u>124,468</u>	<u>18,642</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

Information about major customers

Revenue of gaming products supply of approximately RMB27,974,000 (2023: RMB45,612,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

Revenue from major customers, each of whom accounted for 10% or more of the total revenue is set out as below:

	Segment	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	Mobile games development and operation	48,659	70,285
Customer B	Advertisement distribution services	43,514	–
Customer C	Advertisement distribution services	38,821	–

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Types of goods and services		
Mobile games		
— Development and operation	75,333	144,416
— Information services	124	1,583
Digital media		
— Content distribution	737	2,210
— Advertisement distribution services	111,547	38,579
— Subscription fee of AIGC mobile app	1,563	25,416
— AI application development and related services	41,200	—
Gaming products supply	27,974	51,676
	<hr/>	<hr/>
Total revenue from contracts with customers	258,478	263,880
	<hr/> <hr/>	<hr/> <hr/>
Geographical markets		
Mainland China	159,414	118,099
Other countries/regions	99,064	145,781
	<hr/>	<hr/>
Total revenue from contracts with customers	258,478	263,880
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
Point in time	164,571	91,916
Over time	93,907	171,964
	<hr/>	<hr/>
Total revenue from contracts with customers	258,478	263,880
	<hr/> <hr/>	<hr/> <hr/>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Other income		
Interest income	9	15
Government grants*	23	704
Reversal of impairment of interest in an associate	2,299	–
Additional deduction of input value-added tax**	–	1,242
Others	498	339
	<u>2,829</u>	<u>2,300</u>
Gains, net		
Gain on disposal of subsidiaries	3,945	–
Gain on lease termination	461	–
Gain on sale of a game	2,242	–
Commission income on the provision of advertisement traffic	3,691	–
	<u>10,339</u>	<u>–</u>
Total other income and gains, net	<u><u>13,168</u></u>	<u><u>2,300</u></u>

* During year ended 31 December 2023, various government grants of approximately RMB0.7 million were received by certain subsidiaries as these subsidiaries were qualified as High and New Technology Enterprises in the PRC. There were no unfulfilled conditions or contingencies relating to these grants.

** During the year ended 31 December 2023, an additional deduction of input value-added tax amounting to RMB1.2 million was recognized in profit or loss due to the VAT reform. In accordance with announcement No.39 of Relevant Policies for Deepening the VAT Reform jointly issued by the Ministry of Finance (the “MOF”), State Taxation Administration (the “SAT”) and General Administration of Customs, certain subsidiaries were eligible for deduction after a 10% increase in the current deductible input tax from 1 April 2019 to 31 December 2021. The implementation period was further extended to 31 December 2022 according to announcement No.11 by the MOF and SAT in 2022. In accordance with announcement No.1 by the MOF and SAT in 2023, certain subsidiaries were eligible for a 5% additional deduction to their tax payable based on the creditable input VAT in the period from 1 January 2023 to 31 December 2023.

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2024	2023
	RMB'000	RMB'000
Cost of sales	225,799	225,683
Depreciation of property, plant and equipment	1,657	1,102
Depreciation of right-of-use assets	3,477	1,901
Employee benefit expense (including directors' and chief executives' remuneration):		
Wages, fees, salaries, bonuses and allowances	23,666	16,715
Pension scheme contributions*	2,981	2,080
	<hr/>	<hr/>
Total	26,647	18,795
	<hr/>	<hr/>
Impairment of trade receivables, net	12,432	6,342
Impairment/(reversal of impairment) of deposits and other receivables [#]	10,079	(37)
Amortisation of intangible asset	7,087	–
Impairment of interests in associates [#]	1,532	15,567
Loss on deregistration of associates	185	–
Provision for settlement of legal dispute [#]	–	400
	<hr/> <hr/>	<hr/> <hr/>

[#] These gains are included in “Other income and gains, net” and the losses are included in “Other expenses”, as appropriate, in the consolidated statement of profit or loss.

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. INCOME TAX

All subsidiaries of the Group established in the PRC are subject to PRC corporate income tax at a standard rate of 25% during the year, except for:

- (i) Certain subsidiaries of the Group applied the Small-Scaled Minimal Profit Enterprise Income Tax Preferential Policy announced by the PRC's State Administration of Taxation.
- (ii) In the prior year, a subsidiary of the Group which was qualified as a High and New Technology Enterprise in Mainland China, was entitled to a lower PRC corporate income tax rate of 15%; and
- (iii) In the prior year, a subsidiary of the Group was qualified as a software enterprise by the Guangdong Software Industry Association and was entitled to tax exemption for two years and thereafter to a preferential rate at half of the corporate income tax rate for three years.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current — Chinese Mainland		
Charge for the year	496	562
Deferred	(1,772)	139
	<u> </u>	<u> </u>
Total tax (credit)/expense for the year	<u><u>(1,276)</u></u>	<u><u>701</u></u>

7. DIVIDEND

The board of directors does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of RMB51,015,000 (2023: RMB53,320,000), and the weighted average number of ordinary shares of 702,575,958 (2023: 591,428,686) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

9. TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	210,384	130,016
Impairment	(57,695)	(45,263)
Net carrying amount	<u>152,689</u>	<u>84,753</u>

The Group's trading terms with its debtors are on credit. The credit periods range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 30 days	30,153	13,468
31 to 60 days	16,113	15,620
61 to 90 days	3,268	17,371
91 to 180 days	30,758	15,940
181 to 365 days	70,268	9,401
Over 365 days	2,129	12,953
Total	<u>152,689</u>	<u>84,753</u>

10. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	13,722	9,708
1 to 2 months	19,256	13,622
2 to 3 months	3,870	7,384
Over 3 months	92,883	28,561
Total	<u>129,731</u>	<u>59,275</u>

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 90 days.

11. BUSINESS COMBINATION

On 24 April 2024, the Group acquired a 100% equity interest in Infinities Wonder Limited (“IWL”) from an intermediate holding company of the Company. IWL is an investment holding company with 60% equity interest in Beijing Wande Game Technology Company Limited (“Wande”). Wande is principally engaged in the development of mobile gaming products. The acquisition was made as part of the Group’s strategy to strengthen the diversification of products and expansion of business portfolio. The purchase consideration for the acquisition was in the form of allotment and issuance of 96,300,000 consideration shares of RMB84,761,000 on 24 April 2024.

The fair values of the identifiable assets and liabilities of IWL as at the date of acquisition were as follows:

	Fair value recognised on acquisition <i>RMB\$’000</i>
Intangible asset	60,280
Cash and cash equivalents	323
Prepayments and other receivables	72
Other payables and accruals	(948)
Due to fellow subsidiaries	(5,520)
Deferred tax liabilities	<u>(15,070)</u>
Total identifiable net assets	39,137
Non-controlling interests	(15,655)
Goodwill on acquisition	<u>61,279</u>
Satisfied by allotment and issuance of shares	<u><u>84,761</u></u>

OTHER INFORMATION

Extract from Independent Auditor’s Report

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2024.

Opinion (Extract)

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

Extract of an Emphasis of Matter paragraph in the auditor’s report

Material uncertainty related to going concern

We draw attention to note 2.1 to the consolidated financial statements which indicates that the Group incurred a net loss of RMB51 million with net cash outflows used in operating activities of RMB55 million during the year ended 31 December 2024 and, as of that date, the Group had cash and cash equivalents of RMB3.9 million, and interest-bearing borrowings of RMB6.2 million which have been classified as current liabilities. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

During FY2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

Use of Proceeds from Placing of New Shares under General Mandate

The net proceeds raised by the Company from placing of new shares under general mandate on 2 May 2023 (the “**First Placing**”) are approximately RMB88.18 million (after deduction of the underwriting commissions in respect of the offering and other estimated expenses). As at 31 December 2024, the net proceeds from the First Placing were fully utilized in accordance with the intended purposes stated in the announcement of the Company dated 2 May 2023 (the “**Placing Announcement I**”).

As at 31 December 2024, the net proceeds from the First Placing under general mandate had been applied as follows:

	Net amount available on 2 May 2023 RMB million	Actual net amount utilized as at 31 December 2024 RMB million	Unutilized net amount on 31 December 2024 RMB million
30% for Research and development in the gaming products and AI products	26.45	26.45	–
15% for Expand the gaming sector	13.23	13.23	–
15% for Expand digital media sector	13.23	13.23	–
40% for Working capital and general corporate use	35.27	35.27	–
	<hr/>	<hr/>	<hr/>
Total	<u>88.18</u>	<u>88.18</u>	<u>–</u>

The net proceeds raised by the Company from placing of new shares under general mandate on 18 December 2023 (the “**Second Placing**”) are approximately RMB25.32 million (after deduction of the underwriting commissions in respect of the offering and other estimated expenses). As at 31 December 2024, the net proceeds from the Second Placing were fully utilized in accordance with the intended purposes stated in the announcement of the Company dated 18 December 2023 (the “**Placing Announcement II**”).

As at 31 December 2024, the net proceeds from the Second Placing under general mandate had been applied as follows:

	Net amount available on 18 December 2023 RMB million	Actual net amount utilized as at 31 December 2024 RMB million	Unutilized net amount on 31 December 2024 RMB million
30% for Research and development in the gaming products and AI products	7.60	7.60	–
30% for Expand the gaming sector	7.60	7.60	–
40% for Working capital and general corporate use	10.12	10.12	–
	<hr/>	<hr/>	<hr/>
Total	<u>25.32</u>	<u>25.32</u>	<u>–</u>

The net proceeds raised by the Company from placing of new shares under general mandate on 28 March 2024 (the “**Third Placing**”) are approximately RMB12.96 million (after deduction of the underwriting commissions in respect of the offering and other estimated expenses). As at 31 December 2024, the net proceeds from the Third Placing were fully utilized in accordance with the intended purposes stated in the announcement of the Company dated 28 March 2024 (the “**Placing Announcement III**”).

As at 31 December 2024, the net proceeds from the Third Placing under general mandate had been applied as follows:

	Net amount available on 28 March 2024	Actual net amount utilized as at 31 December 2024	Unutilized net amount on 31 December 2024
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
30% for Research and development in the gaming products and AI products	3.89	3.89	–
30% for Expand the gaming sector	3.89	3.89	–
40% for Working capital and general corporate use	5.18	5.18	–
	<u>12.96</u>	<u>12.96</u>	<u>–</u>
Total	<u>12.96</u>	<u>12.96</u>	<u>–</u>

Audit Committee

The Company has established an Audit Committee in accordance with Listing Rules 3.21 and 3.22, with its written terms of reference set out accordingly. The main responsibilities of the Audit Committee are to review and oversee the adequacy and effectiveness of the Group’s financial reporting system, internal controls, and risk management systems and related procedures, and to provide recommendations and advice to the Board. The Audit Committee is also responsible for reviewing corporate governance compliance, the corporate governance report, and corporate governance policies.

The Audit Committee has three members, being an independent non-executive Director, Mr. Leung Ming Shu (chairman of Audit Committee) , an independent non-executive Director, Mr. Tang Shun Lam and a non-executive Director, Mr. Liang Junhua. One of the independent non-executive Directors has appropriate professional qualifications or expertise in accounting or related financial management.

The Audit Committee has reviewed with the Board about the accounting standards and practices adopted by the Group and the audited annual consolidated financial information of the Company for FY2024, and has discussed matters in relation to the internal control and risk management systems and financial reporting with the management.

Scope of Work of Ernst & Young

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of 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 auditors, Ernst & Young ("EY"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by EY on the preliminary announcement.

Corporate Governance Code

The Company has committed to delivering and maintaining a higher standard of corporate governance to meet the business needs and expectation from the shareholders of the Company (the "**Shareholders**"). The Company has adopted principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as the basis of the Company's principles and corporate governance practices.

During the period from 1 January 2024 to 27 March 2025, the Company has complied with all applicable provisions of the Corporate Governance Code, except for Part I Mandatory Disclosure Requirements No. J and the requirement for gender diversity of board members under Rule 13.92 of the Listing Rules. As at 27 March 2025, the Board of the Company consists of male Directors only. On 28 March 2025, the Company appointed a female Director, Ms. Wang Yan, as a non-executive Director to satisfy the requirement of gender diversity of Board members. Please refer to the announcement published concurrently with this annual results announcement for further information of the appointment.

Model Code for Securities Transactions by Directors

The Company has adopted the code of conduct and procedures governing Directors' securities transactions in stringent compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the code of conduct and procedures governing Directors' securities transactions during FY2024.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

ANNUAL GENERAL MEETING

The 2025 annual general meeting (the “2025 AGM”) of the Company will be held on Friday, 27 June 2024. The notice of the 2025 AGM will be published and dispatched in due course in the manner as required by the Listing Rules.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 24 June 2025 to Friday, 27 June 2025 (both days inclusive), for the purpose of ascertaining Shareholders' entitlement to attend and vote at the 2025 AGM. In order to be entitled to attend and vote at the 2025 AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. (Hong Kong Time) on Monday, 23 June 2025.

Publication of the Annual Results and 2024 Annual Report

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.infinities.com.hk). The annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

Appreciation

The Board would like to express its sincere gratitude to the Shareholders, management teams, employees, business partners and customers of the Group for their continued support and contribution to the Group.

By Order of the Board
Infinites Technology International (Cayman) Holding Limited
多牛科技國際(開曼)集團有限公司
Li Qiang
Chairman and Executive Director

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises two executive Directors namely Mr. Li Qiang and Mr. Wang Le; three non-executive Directors namely Mr. Liang Junhua, Mr. Wang Ning and Ms. Wang Yan; and two independent non-executive Directors namely Mr. Leung Ming Shu and Mr. Tang Shun Lam.