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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 2023**

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 2023. The annual results have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

#### **FINANCIAL PERFORMANCE HIGHLIGHTS**

	<b>Year ended 31 December</b>		<b>Change</b>
	<b>2023</b>	<b>2022</b>	
	<b>(RMB'000)</b>	<b>(RMB'000)</b>	<b>%</b>
Revenue	<b>263,880</b>	103,910	154.0%
Gross profit	<b>38,197</b>	16,045	138.1%
Loss for the year	<b>(53,780)</b>	(86,000)	-37.5%

## **DIVIDENDS**

The Board does not recommend the payment of any final dividend for the year ended 31 December 2023 (for the year ended 31 December 2022: Nil).

## **REVIEW OF OPERATION**

### **Business Review**

Year 2023 witnessed a period of innovation and challenges as the impact of the global COVID-19 pandemic on economy gradually subsided, leading to a steady recovery in the market landscape. Simultaneously, the rise of Artificial Intelligence Generated Content (“AIGC”) brought significant changes in industry production efficiency and methods. Under such environment, the Company remained committed to strengthening its core business while actively seeking diversified development and deepening its business segmentation structure. The Company maintained a strong focus on the stable development of its mobile games, digital media, and game product supply businesses. By enriching the diversified business structure, the Company steadily advanced its growth trajectory. Furthermore, the Company seized new opportunities emerging in the industry development by adapting to global market trends and exploring innovative business models. In the first half of 2023, the Company expanded its business structure, developed and operated the AIGC mobile apps to further expand its business scale. In the second half of 2023, the Company obtained the exclusive franchise of the National Geographic of Azeroth (“NGA”), a game community, and has completed the transition of community operation in a stable and sound manner for the purpose of providing community digital media distribution services for partners with a higher quality.

During the reporting period, the revenue increased by RMB160.0 million or 154.0% from approximately RMB103.9 million for the year ended 31 December 2022 (“FY2022”) to approximately RMB263.9 million for the year ended 31 December 2023 (“FY2023”). The increase in the revenue was mainly due to an increase of approximately RMB87.3 million in revenue from the mobile games business, an increase of approximately RMB46.2 million in revenue from the digital media business, and an increase of RMB26.5 million in revenue from the gaming products supply business. Gross profit increased by approximately RMB22.2 million or 138.1% from approximately RMB16.0 million in FY2022 to approximately RMB38.2 million in FY2023. This is mainly due to the significant increase in our revenue and relatively stable consolidated gross profit margin as a whole, thus obtaining more operating gross profits.

The loss for the year in FY2023 was approximately RMB53.8 million, while the loss for the year in FY2022 was approximately RMB86.0 million. The decrease in losses was mainly due to (i) the increase in gross profit of approximately RMB22.2 million; (ii) the decrease in research and development expenses of approximately RMB11.6 million; and (iii) the decrease in impairment of trade receivables of approximately RMB14.0 million, which was partially offset by the increase in administrative expenses of approximately RMB13.9 million.

## OUTLOOK

With the normalization of domestic and imported game publication approvals, the gaming industry has entered a phase of rapid recovery in the first half of 2023. In 2023, 1,075 game publications have been approved (2022: 521). The year-on-year double growth in the number of game publication approvals is a clear indication of positive momentum, and the gaming industry is expected to experience even stronger and more stable development. Meanwhile, the “Measures for the Management of Online Games (Draft for Solicitation of Comments)” (《網絡遊戲管理辦法（草案徵求意見稿）》) drafted by the National Press and Publication Administration has again confirmed the encouragement and support to exquisite original games and international cooperative games, and therefore, there is no doubt that gaming industry will experience even stronger and more stable development in the future.

Looking forward, with the issuance of the “Plan for the Overall Layout of Building a Digital China (《數字中國建設整體佈局規劃》)” by the Communist Party of China Central Committee and the State Council, as well as the introduction of various significant measures. A macro environment that promotes the development of the digital economy has been formed, and the foundation for enterprise development in the digital economy industry has become more solid. The digital industry has a significant impact on both the country and the global community. Therefore, the Company’s involvement in the digital entertainment industry has enormous potential in the upcoming tide of China’s digital economic development.

In the first half of 2023, the wave of AIGC swept through the digital economy, including the gaming industry, driving a new wave of transformative change in the industry productivity. AIGC permeated various aspects such as content generation, advertising placement, and game development, promoting the diversification of the gaming industry.

The Company is committed to long-term sustainability and responding to the national policy call for the development of the digital economy. In an increasingly digitized world, where new-generation information technology is constantly advancing, the Company will seize the industry opportunities brought by the explosion of artificial intelligence technology, and will continue to increase investment in research and development in game engine, game publishing and operations, and the creation of diverse and innovative product portfolios. While enhancing the market competitiveness, the Company will actively seek opportunities to upgrade its business models, further explore the integration and expansion of the new AIGC track with the Company’s operations, integrate resources to foster innovation, and continuously inject new momentum into the Company’s long-term development.

## **PROSPECTS**

In 2024, the Company will continue to expand and leverage our strengths in mobile games, digital media, and game product supply businesses. The Company will maintain stable business growth and further strengthen collaborations with leading media platforms in the industry. Additionally, the Company will continue to explore the market demands, explore diversified business model of NGA game community, develop and upgrade AIGC mobile app, accelerate the expansion of the game product supply market, actively explore overseas markets, and further enhance its revenue generation capabilities, and turn losses into profits as soon as possible.

In the future, the Company will continue to maintain the healthy development of each business by allocating resources in a flexible and timely manner. The Company will actively pursue diversification in each segmentation and prioritize the stability and profitability of the overall business, to lay a solid foundation for the continuous development of the Company. The Company remains optimistic and has full confidence in its future.

## 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 %
	2023	2022	
<b>Game</b>			
Number of paying players ('000)	<b>1,833.8</b>	283.6	546.6%
Average MPUs ('000)	<b>152.8</b>	23.6	547.5%
Average ARPPU (RMB)	<b>102.70</b>	183.99	-44.2%

- MPUs. The average monthly paying users (“MPUs”) for the gaming business increased to approximately 152.8 thousand for the year ended 31 December 2023 from approximately 23.6 thousand for the year ended 31 December 2022. The increase was primarily due to the fact that in FY2023, while continuing to serve players in China, the Group gradually expanded its gaming business into the overseas multiplayer mobile gaming market, continuously accumulating and serving players both domestically and internationally. Hence, it attracted a large group of paying players.
- ARPPU. The average revenue per paying user (“ARPPU”) level of gaming business decreased to approximately RMB102.70 for the year ended 31 December 2023 as compared to RMB183.99 for the year ended 31 December 2022. The decrease was mainly due to the fact that game products which were published and in operation in FY2023 had relatively strong user viscosity, and meanwhile, the Group relatively conducted numerous promotional operation activities to attract more paying users resulting in dilution in ARPPU while gaining more revenue.

The following table sets forth the Group's consolidated statement of profit or loss for the year ended 31 December 2023 as compared to the year ended 31 December 2022:

	<b>Year ended 31 December</b>		Change %
	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>	
Revenue	<b>263,880</b>	103,910	154.0%
Cost of sales	<b>(225,683)</b>	(87,865)	156.9%
<b>Gross profit</b>	<b>38,197</b>	16,045	138.1%
Other income and gains, net	<b>2,300</b>	1,471	56.4%
Selling and distribution expenses	<b>(7,439)</b>	(6,469)	15.0%
Administrative expenses	<b>(37,578)</b>	(23,652)	58.9%
Research and development expenses	<b>(25,863)</b>	(37,501)	-31.0%
Impairment of trade receivables	<b>(6,342)</b>	(20,388)	-68.9%
Other expenses	<b>(16,006)</b>	(14,441)	10.8%
Finance costs	<b>(312)</b>	(123)	153.7%
Share of results of associates	<b>(36)</b>	(621)	-94.2%
<b>Loss before tax</b>	<b>(53,079)</b>	(85,679)	-38.0%
Income tax expense	<b>(701)</b>	(321)	118.4%
<b>Loss for the year</b>	<b>(53,780)</b>	(86,000)	-37.5%

## Revenue

Revenue increased by approximately RMB160.0 million or 154.0% to approximately RMB263.9 million for the year ended 31 December 2023 from approximately RMB103.9 million for the year ended 31 December 2022. The following table sets forth the revenue of the Group by business segment for the years ended 31 December 2022 and 2023:

	Year ended 31 December			
	2023		2022	
	<i>RMB'000</i>	<i>% to total revenue</i>	<i>RMB'000</i>	<i>% to total revenue</i>
<b>Mobile games</b>				
— Development and operation	<b>144,416</b>	<b>54.7%</b>	56,499	54.4%
— Information services	<b>1,583</b>	<b>0.6%</b>	2,208	2.1%
<b>Digital media</b>				
— Content distribution	<b>2,210</b>	<b>0.9%</b>	4,500	4.3%
— Advertisement distribution services	<b>38,579</b>	<b>14.6%</b>	15,509	14.9%
— Subscription fee of AIGC mobile app	<b>25,416</b>	<b>9.6%</b>	—	—
<b>Gaming products supply</b>	<b>51,676</b>	<b>19.6%</b>	25,194	24.3%
<b>Total Revenue from contracts with customers</b>	<b><u>263,880</u></b>	<b><u>100.0%</u></b>	<b><u>103,910</u></b>	<b><u>100.0%</u></b>

- Revenue generated from the Group's mobile games increased by approximately RMB87.3 million or 148.7% to approximately RMB146.0 million for the year ended 31 December 2023 from approximately RMB58.7 million for the year ended 31 December 2022. Such increase was primarily due to the Group has been adjusting its business strategy, continuously optimizing the business structure of its mobile gaming business, and obtaining more diverse gaming products through increased research and development investment or licensing since the second half of 2022. It has also actively expanded its mobile games business and information service business in the overseas markets. These optimization adjustments have shown significant results in FY2023, greatly enhancing the revenue generation capability of the business.

- Revenue generated from the Group’s digital media increased by approximately RMB46.2 million or 230.9% to approximately RMB66.2 million for the year ended 31 December 2023 from approximately RMB20.0 million for the year ended 31 December 2022. Such increase was primarily due to the Group has been adjusting its business strategy and continuously optimizing the business structure of its digital media business since the second half of 2022. The Company has expanded its advertisement distribution services in both the domestic and international markets. At the same time, at the onset of the AIGC wave, the Group strategically developed and operated AIGC mobile apps, achieving significant success in FY2023. These series of measures have propelled the digital media business towards a diversified product structure, greatly enhancing its revenue generation capability compared to the previous relatively single-product structure.
- Revenue generated from the Group’s gaming products supply business increased by approximately RMB26.5 million or 105.1% to approximately RMB51.7 million for the year ended 31 December 2023 from approximately RMB25.2 million for the year ended 31 December 2022. Such increase was primarily due to the increasing business scale in FY2023, which was the newly expanded business of the Group in the second half of 2022. It mainly focus on supplying game consoles and other accessories to third party customers and Chengdu Dianwan Bashi Commerce Company Limited and its affiliates.

### **Cost of sales**

Cost of sales increased by approximately RMB137.8 million or 156.9% to approximately RMB225.7 million for the year ended 31 December 2023 from approximately RMB87.9 million for the year ended 31 December 2022. The increase was mainly due to the substantial increase in revenue for FY2023, which resulted in the significant increase in service fees charged by the Group’s distributors. For the year ended 31 December 2023, the proportion of cost of sales to total revenue amounted to approximately 85.5% (for the year ended 31 December 2022: approximately 84.6%).

### **Selling and distribution expenses**

Selling and distribution expenses increased by approximately RMB0.9 million or 15.0% to approximately RMB7.4 million for the year ended 31 December 2023 from approximately RMB6.5 million for the year ended 31 December 2022. The increase was mainly due to the increase in business development expenses during the year.

### **Administrative expenses**

Administrative expenses increased by approximately RMB13.9 million or 58.9% to approximately RMB37.6 million for the year ended 31 December 2023 from approximately RMB23.7 million for the year ended 31 December 2022. Such increase was principally due to the higher expenses in employee costs, office rent and professional fees during the year.

### **Research and development expenses**

Research and development expenses decreased by approximately RMB11.6 million or 31.0% to approximately RMB25.9 million for the year ended 31 December 2023 from approximately RMB37.5 million for the year ended 31 December 2022. Such decrease was principally due to the Group's continued investment in mobile games development. The Group has developed numerous high-quality mobile games since FY2022 for the publication and operation for the year and focuses on the establishment and development of exquisite games in FY2023, which require continuous investment due to the long development phase of such projects.

### **Other income and gains, net**

Other income and gains, net increased to approximately RMB2.3 million for the year ended 31 December 2023 from approximately RMB1.5 million for the year ended 31 December 2022. Such increase was mainly due to the increase in government grants and the increase in additional deduction of input value-added tax which resulting from the People's Republic of China (the "PRC") government's tax reduction policy for the modern services.

### **Impairment of trade receivables**

Impairment of trade receivables was approximately RMB6.3 million for the year ended 31 December 2023, as compared to the impairment of trade receivables of approximately RMB20.4 million for the year ended 31 December 2022. Such decrease was mainly due to the impairment risk of trade receivables has been adequately considered in the past, and the Group has improved in the collectability of receivable balance during the year.

### **Other expenses**

Other expenses for the year ended 31 December 2023 was approximately RMB16.0 million, as compared to other expenses of approximately RMB14.4 million for the year ended 31 December 2022. The increase was mainly due to the increase in the impairment provision of the Group's investments in associates.

## Finance costs

Finance costs for the year ended 31 December 2023 was approximately RMB312,000 (for the year ended 31 December 2022: approximately RMB123,000). Such increase was mainly due to the increase in interest on loans from a fellow subsidiary and the ultimate holding company.

## Income tax expense

The Group recognised income tax expense of approximately RMB701,000 for the year ended 31 December 2023 while the income tax expense was approximately RMB321,000 for the year ended 31 December 2022. Such increase was mainly attributable to the increase in taxable income of certain subsidiaries during the year.

## Loss for the year

Based on the foregoing, the loss for the year was approximately RMB53.8 million for the year ended 31 December 2023, as compared to the loss for the year of approximately RMB86.0 million for the year ended 31 December 2022.

## LIQUIDITY AND FINANCIAL RESOURCES

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	<u>37,211</u>	<u>20,715</u>

The Group's total cash and cash equivalents amounted to approximately RMB37.2 million as at 31 December 2023, as compared to approximately RMB20.7 million as at 31 December 2022. Such increase was mainly due to the proceeds from completion of placing of new shares under the general mandate on 2 May 2023 and 18 December 2023, respectively.

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 did not have any bank borrowing balance as at 31 December 2023 and 2022. As at 31 December 2023, the Group's gearing ratio (calculated as loans from a fellow subsidiary and the ultimate holding company divided by total assets) was 0.04% (2022: 14.3%). The borrowing requirements of the Group are not subject to seasonality.

## **MATERIAL ACQUISITION AND DISPOSAL AND SIGNIFICANT INVESTMENT**

On 23 June 2023, the Company entered into a joint venture agreement with Infinites Technology (Cayman) Holding Limited (“**Infinites Cayman**”) to jointly establish a joint venture company to further explore the advertisement distribution services market in the PRC. On the same day, Emperor Interactive Entertainment Development Company Limited (九尊互娛發展有限公司) (“**Emperor**”) entered into (i) an advertising traffic mutual supply agreement with Infinites Cayman in relation to the traffic procurement transactions and traffic supply transactions between Emperor and Infinites Cayman; and (ii) NGA exclusive franchise agreement with Infinites Cayman to govern the NGA franchise transactions between Infinites Cayman and Emperor. For details, please refer to the announcement of the Company dated 23 June 2023.

On 8 September 2023, the Company entered into the share purchase agreement (“**Share Purchase Agreement**”) with Infinites B&M Technology Limited (“**Infinites B&M**”), pursuant to which the Company conditionally agreed to acquire and Infinites B&M conditionally agreed to sell the entire issued share capital of Infinites Wonder Limited (the “**Target Company**”) at the consideration of HK\$134,820,000 (the “**Consideration**”). The Consideration shall be satisfied by the allotment and issuance of 96,300,000 shares to be issued and allotted by the Company under the specific mandate on 29 December 2023. As at the date of this announcement, the Company is still undergoing the reorganisation of the Target Company and its subsidiaries (the “**Reorganisation**”). Upon the Reorganisation, the Target Company will indirectly own 60% equity interest in Beijing Wande Game Technology Company Limited\* (北京玩德遊戲科技有限公司), and the Company will hold the entire issued share capital of the Target Company and the financial results of the Target Company will be consolidated with those of the Group upon the completion of the Share Purchase Agreement. For details, please refer to the announcement of the Company dated 8 September 2023.

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 2023.

## **CONTINGENT LIABILITIES**

As at 31 December 2023, the Group did not have any significant unrecorded contingent liabilities.

## **HUMAN RESOURCES**

As at 31 December 2023, the Group had a total of 51 full time employees, whom are based in Guangzhou, Beijing, Chengdu and Hong Kong. Total staff costs were approximately RMB18.8 million for the year ended 31 December 2023. 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.

## **CHANGE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES**

There has been no change in the Directors' biographical details which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **EVENT AFTER THE REPORTING PERIOD**

On 26 January 2024, the Company and the placing agent entered into the placing agreement (“**Placing Agreement**”) pursuant to which the Company appointed the placing agent to place, on a best-efforts basis and subject to the fulfilment of the conditions precedent to the placing, a maximum of 50,700,000 placing shares to not less than six independent placees (the “**Placing**”) at a price of HK\$1.775 per placing share (the “**Placing Shares**”). The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 30 June 2023.

As additional time is required for the Company to fulfill the condition precedent set out in the second supplemental placing agreement, the Company and the placing agent entered into a third supplemental agreement to the Placing Agreement on 15 March 2024 (the “**Third Supplemental Placing Agreement**”), pursuant to which the Company and the placing agent agreed to amend the long stop date of the Placing from 15 March 2024 to 29 March 2024.

For details, please refer to the announcements of the Company dated 26 January 2024, 16 February 2024, 1 March 2024 and 15 March 2024.

Save as disclosed, the Group did not have any significant events after 31 December 2023 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	
		2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	4	263,880	103,910
Cost of sales		(225,683)	(87,865)
<b>Gross profit</b>		<b>38,197</b>	16,045
Other income and gains, net	4	2,300	1,471
Selling and distribution expenses		(7,439)	(6,469)
Administrative expenses		(37,578)	(23,652)
Research and development expenses		(25,863)	(37,501)
Impairment of trade receivables		(6,342)	(20,388)
Other expenses		(16,006)	(14,441)
Finance costs		(312)	(123)
Share of results of associates		(36)	(621)
<b>Loss before tax</b>	5	<b>(53,079)</b>	(85,679)
Income tax expense	6	(701)	(321)
<b>Loss for the year</b>		<b>(53,780)</b>	(86,000)
Attributable to:			
Owners of the parent		(53,320)	(84,445)
Non-controlling interests		(460)	(1,555)
		<b>(53,780)</b>	(86,000)
<b>Loss per share attributable to ordinary equity holders of the parent</b>			
Basic and diluted	8	<b>RMB(9.0) cents</b>	RMB(15.5) cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Loss for the year</b>	<b>(53,780)</b>	<b>(86,000)</b>
<b>Other comprehensive income/(loss)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of group companies	<b>2,837</b>	3,724
Reclassification of exchange differences for foreign operations disposed of	<u>—</u>	<u>(195)</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u><b>2,837</b></u>	<u>3,529</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><b>(1,903)</b></u>	<u>(1,695)</u>
<b>Other comprehensive income for the year</b>	<u><b>934</b></u>	<u>1,834</u>
<b>Total comprehensive loss for the year</b>	<u><b>(52,846)</b></u>	<u><b>(84,166)</b></u>
Attributable to:		
Owners of the parent	<b>(52,386)</b>	(82,611)
Non-controlling interests	<u><b>(460)</b></u>	<u>(1,555)</u>
	<u><b>(52,846)</b></u>	<u><b>(84,166)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>As at 31 December</b>	
		<b>2023</b>	<b>2022</b>
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		6,893	726
Right-of-use assets		7,788	590
Interests in associates		3,961	19,053
Equity investments designated at fair value through other comprehensive income		6,421	8,324
Prepayments and deposits		<u>13,814</u>	<u>115</u>
<b>Total non-current assets</b>		<u>38,877</u>	<u>28,808</u>
<b>Current assets</b>			
Trade receivables	9	84,753	26,725
Prepayments, deposits and other receivables		67,315	39,431
Cash and cash equivalents		<u>37,211</u>	<u>20,715</u>
<b>Total current assets</b>		<u>189,279</u>	<u>86,871</u>
<b>Current liabilities</b>			
Trade payables	10	59,275	22,121
Contract liabilities		16,795	2,368
Other payables and accruals		23,409	16,472
Lease liabilities		3,470	577
Loan from a fellow subsidiary		100	–
Tax payable		<u>1,467</u>	<u>971</u>
<b>Total current liabilities</b>		<u>104,516</u>	<u>42,509</u>
<b>Net current assets</b>		<u>84,763</u>	<u>44,362</u>
<b>Total assets less current liabilities</b>		<u>123,640</u>	<u>73,170</u>
<b>Non-current liabilities</b>			
Lease liabilities		4,875	100
Deferred tax liabilities		2,303	2,164
Loans from a fellow subsidiary		–	10,062
Loans from the ultimate holding company		<u>–</u>	<u>6,497</u>
<b>Total non-current liabilities</b>		<u>7,178</u>	<u>18,823</u>
<b>Net assets</b>		<u><u>116,462</u></u>	<u><u>54,347</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	5,683	4,946
Reserves	<u>105,476</u>	<u>43,638</u>
	111,159	48,584
<b>Non-controlling interests</b>	<u>5,303</u>	<u>5,763</u>
<b>Total equity</b>	<u><u>116,462</u></u>	<u><u>54,347</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. On 1 March 2024, the principal place of business of the Company was changed from Room B102, 1st Floor, Dongcheng Building, 58 Jianzhong Road, Tianhe District, Guangzhou, PRC to 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 2023. 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.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

- (d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

### 3 OPERATING SEGMENT INFORMATION

#### Geographical information

(a) *Revenue from external customers*

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Mainland China	<b>118,099</b>	91,827
Other countries/regions	<b>145,781</b>	12,083
	<hr/>	<hr/>
Total revenue	<b>263,880</b>	103,910
	<hr/> <hr/>	<hr/> <hr/>

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

(b) *Non-current assets*

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Mainland China	<b>16,082</b>	20,369
Other countries/regions	<b>2,560</b>	–
	<hr/>	<hr/>
Total non-current assets	<b>18,642</b>	20,369
	<hr/> <hr/>	<hr/> <hr/>

The non-current asset information above is based on the locations of the assets and excludes equity investments designated at fair value through other comprehensive income, prepayments and deposits.

#### Information about a major customer

Revenue of gaming products supply of approximately RMB45,612,000 (2022: RMB25,194,000) 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.

#### 4 REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
<b>Types of goods and services</b>		
Mobile games		
— Development and operation	144,416	56,499
— Information services	1,583	2,208
Digital media		
— Content distribution	2,210	4,500
— Advertisement distribution services	38,579	15,509
— Subscription fee of AIGC mobile app	25,416	–
Gaming products supply	51,676	25,194
	<u>263,880</u>	<u>103,910</u>
Total revenue from contracts with customers	<u>263,880</u>	<u>103,910</u>
<b>Geographical markets</b>		
Mainland China	118,099	91,827
Other countries/regions	145,781	12,083
	<u>263,880</u>	<u>103,910</u>
Total revenue from contracts with customers	<u>263,880</u>	<u>103,910</u>
<b>Timing of revenue recognition</b>		
Point in time	91,916	47,411
Over time	171,964	56,499
	<u>263,880</u>	<u>103,910</u>
Total revenue from contracts with customers	<u>263,880</u>	<u>103,910</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Other income</b>		
Interest income	15	373
Government grants*	704	304
Covid-19-related rent concessions	–	115
Additional deduction of input value-added tax**	1,242	113
Others	339	454
	<hr/>	<hr/>
Total other income	2,300	1,359
	<hr/>	<hr/>
<b>Gains, net</b>		
Gain on disposal of items of property, plant and equipment	–	13
Gain on deemed disposal of an associate	–	99
	<hr/>	<hr/>
Total gains, net	–	112
	<hr/>	<hr/>
Total other income and gains, net	2,300	1,471
	<hr/> <hr/>	<hr/> <hr/>

\* 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. During the year ended 31 December 2022, the government grants mainly represented COVID-19 related subsidies received from local government for employment support and business operations support in the PRC. There are no unfulfilled conditions or contingencies relating to these grants.

\*\* Additional deduction of input value-added tax amounted to RMB1.2 million (2022: RMB0.1 million) was recognised 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 Ministry of Finance (the “MOF”), State Taxation Administration (the “SAT”) and General Administration of Customs, certain subsidiaries are eligible for deducted 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, the certain subsidiaries are eligible for a 5% additional deduction to their tax payable based on the creditable input VAT in current 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):

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Cost of sales	<b>225,683</b>	87,865
Auditor's remuneration	<b>2,597</b>	1,801
Depreciation of property, plant and equipment	<b>1,102</b>	204
Depreciation of right-of-use assets	<b>1,901</b>	506
Employee benefit expense (including directors' and chief executives' remuneration):		
Wages, fees, salaries, bonuses and allowances	<b>16,715</b>	13,441
Pension scheme contributions	<b>2,080</b>	1,432
	<hr/>	<hr/>
Total	<b>18,795</b>	14,873
	<hr/>	<hr/>
Impairment of trade receivables, net	<b>6,342</b>	20,388
Impairment/(reversal of impairment) of deposits and other receivables <sup>#</sup>	<b>(37)</b>	9,211
(Gain)/loss on disposal of items of property, plant and equipment <sup>#</sup>	<b>10</b>	(13)
Write-off of items of property, plant and equipment <sup>#</sup>	<b>1</b>	23
Fair value loss on financial asset at fair value through profit or loss, net <sup>#</sup>	<b>–</b>	272
Impairment of interests in associates <sup>#</sup>	<b>15,567</b>	4,069
Loss on disposal of a subsidiary <sup>#</sup>	<b>–</b>	767
Provision for settlement of legal dispute <sup>#</sup>	<b>400</b>	–
	<hr/> <hr/>	<hr/> <hr/>

<sup>#</sup> 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.

## 6 INCOME TAX EXPENSE

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) A subsidiary of the Group which qualified as High and New Technology Enterprises in Mainland China, was entitled to a lower PRC corporate income tax rate of 15%; and
- (ii) 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.
- (iii) A subsidiary of the Group was qualified as a software enterprise by 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	
	2023	2022
	RMB'000	RMB'000
Current — Chinese Mainland		
Charge for the year	562	321
Deferred	139	—
	<hr/>	<hr/>
Total tax charge for the year	<u>701</u>	<u>321</u>

## 7 DIVIDEND

The board of directors does not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: 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 RMB53,320,000 (2022: RMB84,445,000), and the weighted average number of ordinary shares of 591,428,686 (2022: 546,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

## 9 TRADE RECEIVABLES

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	<b>130,016</b>	65,651
Impairment	<b>(45,263)</b>	(38,926)
Net carrying amount	<b>84,753</b>	26,725

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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 30 days	<b>13,468</b>	7,075
31 to 60 days	<b>15,620</b>	1,466
61 to 90 days	<b>17,371</b>	1,182
91 to 180 days	<b>15,940</b>	435
181 to 365 days	<b>9,401</b>	1,145
Over 365 days	<b>12,953</b>	15,422
Total	<b>84,753</b>	26,725

## 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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	<b>9,708</b>	9,472
1 to 2 months	<b>13,622</b>	3,412
2 to 3 months	<b>7,384</b>	357
Over 3 months	<b>28,561</b>	8,880
Total	<b>59,275</b>	22,121

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

## OTHER INFORMATION

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

During FY2023, 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 2023, the net proceeds from the First Placing under utilized in accordance with the intended purposes stated in the announcement of the Company dated 2 May 2023 (the “**Placing Announcement I**”), with the balance amounted to approximately RMB2.20 million. The balance of the proceeds will continue to be utilized according to the manner and proportions as disclosed in such Placing Announcement I.

As at 31 December 2023, the net proceeds from the First Placing under general mandate had been applied as follows:

	Net amount available on 2 May 2023 <i>RMB million</i>	Actual net amount utilized as at 31 December 2023 <i>RMB million</i>	Unutilized net amount on 31 December 2023 <i>RMB million</i>	Expected timeline for utilising the remaining net proceeds ( <i>Note</i> )
30% for Research and development in the gaming products and AI products	26.45	26.45	–	N/A
15% for Expand the gaming sector	13.23	13.23	–	N/A
15% for Expand digital media sector	13.23	13.23	–	N/A
40% for Working capital and general corporate use	35.27	33.07	2.20	By 30 June 2024
Total	<u>88.18</u>	<u>85.98</u>	<u>2.20</u>	

*Note:* The expected timeline for utilizing the remaining net proceeds is based on the best estimation of future market conditions and is consistent with that as described in the Placing Announcement I. It might be subject to changes based on the current and future development of the market conditions.

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 2023, the net proceeds from the Second Placing were utilized in accordance with the intended purposes stated in the announcement of the Company dated 18 December 2023 (the “**Placing Announcement II**”), with the balance amounted to approximately RMB18.81 million. The balance of the proceeds will continue to be utilized according to the manner and proportions as disclosed in such Placing Announcement II.

As at 31 December 2023, the net proceeds from the Second Placing under general mandate had been applied as follows:

	<b>Net amount available on 18 December 2023</b>	<b>Actual net amount utilized as at 31 December 2023</b>	<b>Unutilized net amount on 31 December 2023</b>	<b>Expected timeline for utilising the remaining net proceeds</b> <i>(Note)</i>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	
30% for Research and development in the gaming products and AI products	7.60	–	7.60	By 30 June 2024
30% for Expand the gaming sector	7.60	4.92	2.68	By 30 June 2024
40% for Working capital and general corporate use	10.12	1.59	8.53	By 30 June 2024
Total	<u>25.32</u>	<u>6.51</u>	<u>18.81</u>	

*Note:* The expected timeline for utilizing the remaining net proceeds is based on the best estimation of future market conditions and is consistent with that as described in the Placing Announcement II. It might be subject to changes based on the current and future development of the market conditions.

## **Audit Committee**

The Audit Committee currently has three members, being an independent non-executive Director, Mr. Leung Ming Shu (chairman of Audit Committee) , an independent non-executive Director, Mr. Yan Chi Kwan and a non-executive Director, Mr. Liang Junhua, with terms of reference in compliance with the Listing Rules.

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 FY2023, 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 2023 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 (formerly Appendix 14) to the Listing Rules as the basis of the Company’s principles and corporate governance practices. The Company has complied with all the applicable code provisions of the CG Code during FY2023.

## **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 (formerly Appendix 10) 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 FY2023.

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 2024 annual general meeting (the “2024 AGM”) of the Company will be held on Friday, 28 June 2024. The notice of the 2024 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, 25 June 2024 to Friday, 28 June 2024 (both days inclusive), for the purpose of ascertaining Shareholders’ entitlement to attend and vote at the 2024 AGM. In order to be entitled to attend and vote at the 2024 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, 24 June 2024.

### **Publication of the Annual Results and 2023 Annual Report**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.infinities.com.hk](http://www.infinities.com.hk)). The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders and 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**  
**WANG Le**  
*Chairman*

Hong Kong, 28 March 2024

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wang Le and Mr. Chen Ying, two non-executive Directors namely Mr. Liang Junhua and Mr. Wang Ning and three independent non-executive Directors namely Mr. Leung Ming Shu, Mr. Yan Chi Kwan and Mr. Tang Shun Lam.*