



2024
Annual Report

青瓷游戏有限公司 Qingci Games Inc.

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 6633



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yang Xu (*Chairman*)
Mr. Huang Zhiqiang
Mr. Liu Siming
Mr. Zeng Xiangshuo

Independent Non-executive Directors

Professor Lam Sing Kwong Simon
Mr. Yuan Yuan
Ms. Fang Weijin

AUDIT COMMITTEE

Mr. Yuan Yuan (*Chairman*)
Professor Lam Sing Kwong Simon
Ms. Fang Weijin

REMUNERATION COMMITTEE

Professor Lam Sing Kwong Simon (*Chairman*)
Mr. Yang Xu
Mr. Yuan Yuan

NOMINATION COMMITTEE

Mr. Yang Xu (*Chairman*)
Professor Lam Sing Kwong Simon
Ms. Fang Weijin

JOINT COMPANY SECRETARIES

Mr. Zhu Chengyin
Ms. Yung Mei Yee

AUTHORIZED REPRESENTATIVES

Mr. Liu Siming
Ms. Yung Mei Yee

REGISTERED OFFICE IN CAYMAN ISLANDS

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

5th Floor, 4 Wang Hai Road
Xiamen Software Park II
Xiamen, Fujian Province
361008, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wanchai, Hong Kong

AUDITOR

BDO Limited
*Certified Public Accountants and
Registered Public Interest Entity Auditor*
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong



LEGAL ADVISORS

As to Hong Kong law

Cleary Gottlieb Steen & Hamilton (Hong Kong)

37th Floor, Hysan Place
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Causeway Bay
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HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17/F
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183 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited

P.O. Box 1093
Boundary Hall, Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

PRINCIPAL BANKS

Xiamen International Bank Co., Ltd.

Xiamen Sub Branch
1-3/F, International Plaza
8-10 Lu Jiang Road
Siming District, Xiamen
Fujian, China

China Merchants Bank Co., Ltd.

Xiamen Wuyuanwan Sub Branch
1/F, Sanfu Financial Center
No.990 Anling Road
Huli District, Xiamen
Fujian, China

CMB Wing Lung Bank Limited

45 Des Voeux Road Central
Hong Kong

Industrial Bank Co., Ltd.

Hong Kong Branch
12/F, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

COMPANY WEBSITE

www.qcplay.com

LISTING DATE

December 16, 2021

STOCK CODE

6633



Financial Highlights

	For the year ended December 31,		
	2024 (RMB'000)	2023 (RMB'000)	Change (%)
Revenue	627,962	905,737	(31)
Gross profit	363,115	557,876	(35)
Net profit/(loss)	47,128	(37,600)	(225)
Profit/(loss) attributable to equity holders of the Company	51,120	(37,371)	(237)

KEY OPERATING INFORMATION

	For the year ended December 31,		
	2024	2023	Change (%)
Average MAUs (in thousands) ⁽¹⁾	2,360	2,480	(5)
Average MPUs (in thousands) ⁽²⁾	228	401	(43)
ARPPU (RMB)	265	302	(12)
Cumulative registered players (in thousands)	98,276	88,343	11

Notes:

- (1) Our Average MAUs are calculated by dividing (i) the total MAUs of a game; or (ii) the aggregate of the total MAUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of Average MAUs did not consider each game's data before its official launch.
- (2) Our Average MPUs are calculated by dividing (i) the MPUs of a game; or (ii) the aggregate of the total MPUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of Average MPUs did not consider each game's data before its official launch.



Chief Executive Officer's Statement

Dear Shareholders, Qingci staff, and all our friends who have been with us all along,

Hope this letter finds you well!

2024 was a crucial year for the in-depth innovation of the gaming industry. The phenomenal work *Black Myth: Wukong* (黑神話：悟空) caused a sensation globally with its wonderful cultural narrative. This not only demonstrates the tremendous progress made by China's gaming industry but also redefines the standard of "high-quality games" in the hearts of players. It clearly shows that only by closely combining technological breakthroughs, cultural connotations, and a profound understanding of players' needs can gaming enterprises gain a firm foothold in the fierce market competition. Facing the industry landscape where players' expectations continue to rise and the cost of user acquisition continues to climb, Qingci has adopted a measured philosophy of "honing its edge in quiet diligence while reserving brilliance for the future", focusing on improving its internal capabilities and accumulating strength for future vigorous development.

2024 was also a year in which Qingci Games forged ahead amidst challenges and opportunities. During this important development stage, we remained true to our steadfast commitment and advanced steadily. While continuously expanding our global footprint, we deepened the innovation and quality improvement of our self-developed games. Within the year, the total business revenue of our Group reached RMB628 million, and the profit attributable to equity holders was approximately RMB51.12 million, turning around the loss recorded in last year. Behind this impressive performance lies our original aspiration and investment in bringing high-quality games to players worldwide. This would also not be made possible without the efforts of every one of our Qingci staff and the support of players around the world.

STEADY COURSE: REVITALIZING CLASSICS FOR LONG-TERM SUCCESS

Looking back on 2024, our flagship self-developed game, *The Marvelous Snail/SuperSnail* (最強蝸牛) continued to demonstrate extraordinary vitality. Upon its launch in the Vietnamese version, it immediately topped the iOS free games chart. In June 2024, versions in German, French, Spanish, Portuguese, and Italian were successfully rolled out, achieving more comprehensive coverage of the Southeast Asian and European regions. During the Reporting Period, the total domestic and overseas revenue recorded by the game was approximately RMB340 million. Since its launch, the cumulative gross billings has exceeded RMB3.629 billion domestically and overseas, and the cumulative number of registered players has exceeded 29.05 million.

The long-term operation of our other games has also been remarkably successful. We released a remake of *Lantern and Dungeon* (提燈與地下城) with brand-new content and gameplay during the year, which was the largest version update since its launch in 2021, and recorded a year-on-year increase of 43% in revenue during the year. *Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情) also celebrated its first anniversary since its launch within the year. In July 2024, the game was launched in the Southeast Asian region, with versions in English and Thai released, and it quickly topped the iOS free games chart in Singapore, Malaysia, and Thailand. This fully validates our strategic determination to persist in long-term operation.



RIDING THE WAVES: UPHOLDING TRADITION AND EMBRACING INNOVATION TO SHOWCASE COMPETENCE

In 2024, our Group launched several outstanding games. *Fat Goose Gym* (肥鵝健身房), a casual game that we introduced through in-licensing, was launched in Japan in February 2024 and immediately topped both the iOS and Google Play free games charts in the local market. *Ares Virus 2* (阿瑞斯病毒 2), the sequel to the adventure survival RPG *Ares Virus* (阿瑞斯病毒), was launched in August 2024. It continued the unique top-down perspective and the fresh ballpoint pen art style of the previous game, attracting continuous attention and acclaim from players.

In addition, our Group also explored multi-platform deployment. Since its launch in August 2016, as of December 31, 2024, the cumulative number of registered players of *Gumballs & Dungeons* (不思議迷宮) has exceeded 25 million. After eight years, in March 2025, we launched a free-to-download remote play version of the game on Steam, which has received enthusiastic responses from players, ranked the 6th on the global popular free games chart (Trending Free) and received a "Very Positive" rating, demonstrating the Group's exceptional ability in long-term IP management, and is also expected to help us reach a broader gamer audience across multiple platforms.

AIM HIGH: SET SIGHTS ON THE STARS AND EMBARK ON A NEW JOURNEY

We are well aware that short-term fluctuations in business operations are an inevitable dormant period in the development process of an enterprise. This, however, is precisely a crucial stage for accumulating energy for the next growth cycle. Currently, we are focusing on the R&D of *Project E* (項目E). This is an SLG game that innovatively integrates various gameplay elements such as map exploration, backpack management, and resource collection. The project team is wholeheartedly devoting their talents to its creation. In 2025, we will enrich more contents and gameplay while accelerating the iteration of the "R&D-testing" cycle. We firmly believe that *Project E* (項目E), leveraging its innovative and integrated gameplay and meticulously crafted contents, will lead new industry trends and deliver unprecedented gameplay experience to players worldwide.

Looking ahead to 2025, our Group will continue to steadily advance the release plan of our pipeline games. Among them, the semi-turn-based card game *Project W* (項目W) will build a mysterious and fantastical world relying on the IP of *Great Ruler* (大主宰) by "Tian Can Tu Dou" (天蠶土豆). At the same time, the Korean team is also gearing up for the release of the Korean version of *The Marvelous Snail/SuperSnail* (最強蝸牛).

We wholeheartedly embrace this era of technological transformation. Our Group is also actively integrating AI tools to continuously improve work efficiency and lay a solid foundation for industrial development. We also hope that Qingci, empowered by AI, will be able to continuously provide players with an ultimate gameplay experience.



CHIEF EXECUTIVE OFFICER'S STATEMENT

On behalf of the Board of Directors and the management, I would like to sincerely express my gratitude to all Qingci staff. It is your unremitting efforts that have laid a solid foundation for the Company's future. Also, thank you all shareholders, investors and partners for your tolerance and vision. Your trust fuels our voyage to the stars — and when the night fades, the dawn will rise. The members of Qingci are ready to embrace the new development cycle. We will carve every detail of the games with reverence, and respond to every expectation of players with heart.

Huang Zhiqiang

Executive Director and the Chief Executive Officer

March 27, 2025



Management Discussion and Analysis

BUSINESS OVERVIEW

As a well-known mobile game developer and publisher in China, we are committed to offering unparalleled experiences to game players around the world through our landmark captivating games and content.

In 2024, the global and Chinese gaming industries were developing steadily, but faced multiple opportunities and challenges as well. On the one hand, players' quest for high-quality content and the application of emerging technologies continue to bring new opportunities and inject new momentum into the development of the industry; on the other hand, fierce market competition and rising user acquisition costs have also posed higher requirements and challenges to game companies in terms of content creativity, operational efficiency, etc. The Group actively responded to the new industry landscape and optimized its development strategy via focusing more on product quality and operational efficiency, and continued to refine its industrialized production capabilities and comprehensively embraced emerging technologies to lay a more solid foundation for large-scale development in the future. During the Reporting Period, the Group steadily strengthened its core competitiveness in integrated R&D and operations, and continued to promote the globalization of its game products, further expanding its overseas market presence.

In terms of research and development, the Group continued to iterate its existing self-developed games to keep rejuvenating evergreen games. The self-developed flagship game *The Marvelous Snail/SuperSnail* (最强蜗牛) has been launched in many regions abroad, and has ranked high on the free games chart and the bestseller games chart. As of December 31, 2024, the game recorded cumulative gross billings of approximately RMB3,629 million domestically and overseas, and the Group's self-developed capabilities have been recognized by players around the world. During the Reporting Period, the Group also continued to polish its self-developed pipeline game *Project E* (项目E), which is an innovative SLG game that integrates map exploration, backpack management, resource collection and other gameplay. It is expected to further expand the testing scale in 2025, setting a new milestone for the Group's self-developed game matrix. In terms of distribution, the Group continues to improve its long-term operating capabilities on distribution. While a number of games introduced through in-licensing are operating steadily in Mainland China, we are actively exploring overseas distribution areas and have significantly strengthened our global distribution strength. During the Reporting Period, the scale and proportion of overseas revenue of the Group continued to grow, increasing from 28.47% in the same period last year to 43.93%.

During the Reporting Period, in terms of financial data: the Group recorded a revenue of RMB628 million, representing a decrease of 31% over the same period last year. Due to the changes in fair value of investment portfolio and others, the Group recorded a profit attributable to equity holders of the Company of RMB51.12 million, turning around from a loss for the same period last year (a full-year loss attributable to equity holders of the Company of approximately RMB37.37 million was recorded in 2023).



During the Reporting Period, in terms of game operating data: as of December 31, 2024, the Group had 98.28 million cumulative registered players, representing a year-on-year increase of 11.24%; the average number of monthly active users was approximately 2.3601 million, representing a year-on-year decrease of 4.82%; the average number of monthly paying users was approximately 227,800, representing a year-on-year decrease of 43.24%; the ARPPU amounted to RMB265, representing a year-on-year decrease of 12.16%. The main reasons for the changes in the abovementioned game operation data are (i) the growth of registered players due to the launch of new games and the global release of major games; (ii) the decline in active users and paying users as major games are in maturity stage, which is partially offset by the increase in active users and paying users resulting from the launch of new games and the global release of major games.

OUR GAMES

The Group develops, publishes and operates a number of premium mobile games. As of December 31, 2024, we have a number of existing mobile application games, covering idle games, Rogue-like RPG and other RPG, and a number of mini program games.

Below is an overview of our major games:

The Marvelous Snail/SuperSnail (最強蝸牛), launched in June 2020, is our self-developed idle game. As of December 31, 2024, the game recorded cumulative gross billings of approximately RMB3,629 million domestically and overseas, with 29.05 million cumulative registered players. During the Reporting Period, *The Marvelous Snail/SuperSnail (最強蝸牛)* (known as *SuperSnail* in regions including Southeast Asia, Europe and the United States) celebrated the fourth anniversary of its launch in Mainland China, and cooperated with other intellectual property ("IP") such as *Calabash Brothers (葫蘆娃)*, *Cairo Games (開羅遊戲)*, *Little Red Riding Hood (小紅帽)* and *Jingdezhen Imperial Kiln Ceramic Art Museum (景德鎮皇窯陶瓷藝術博物館)*; celebrated the second anniversary of its launch in Japan, cooperated with *Sanrio (三麗鷗)* and *Cairo Games (開羅遊戲)*, and continued to provide game players with high-quality contents and novel gameplay, as well as celebrated the anniversary of its launch in North America and Australia. The game was also launched in Vietnam in April 2024, and ranked top on the iOS free games chart in the region, and its versions in German, French, Spanish, Portuguese and Italian were launched in June 2024, providing a more comprehensive coverage of the Southeast Asian and European regions. During the Reporting Period, the total domestic and overseas revenue recorded by the game is approximately RMB340 million.



MANAGEMENT DISCUSSION AND ANALYSIS

Lantern and Dungeon (提燈與地下城), launched in March 2021, is a Rogue-like RPG that we introduced through in-licensing. In February 2024, the game cooperated with the renowned IP “Ne Zha” (哪吒) to release a remake of the game with brand-new contents and gameplay, which was also the largest version update since its launch in 2021. The game is also being prepared for release in the HMT regions. During the Reporting Period, the game recorded a revenue of approximately RMB13.59 million.

Sword and Fairy: Wen Qing (新仙劍奇俠傳之揮劍問情), launched on June 9, 2023, is a story card mobile game jointly published by the Group and CMGE. The game reproduces the classic single-player storyline in high definition to create a highly restorative sword and fairy experience. With the unique fusion of card + RPG + SLG in its diversified gameplay, it has gained strong popularity among players. The game ranked first on the iOS free games chart and 14th on the iOS bestseller games chart after its launch. In June 2024, the game celebrated its anniversary of its launch. In July 2024, the game was launched in the Southeast Asian region, with versions in English and Thai released, and ranked top on the iOS free games chart in Singapore, Malaysia and Thailand. During the Reporting Period, the game recorded a revenue of approximately RMB97.60 million.

Cardcaptor Sakura: Memory Key (魔卡少女櫻：回憶鑰匙), a mobile game created based on the teenage girl themed animation of *Cardcaptor Sakura: Clear Card* (庫洛魔法使：透明牌篇) with genuine licensing. In September 2023, the game was launched in Mainland China and immediately ranked first on the iOS free games chart and obtained the highest ranking of No. 30 on the iOS bestseller games chart; in October 2023, the game was launched in the HMT regions and ranked top on the iOS free games chart in those three regions, highest ranking second on the iOS bestseller games chart in Hong Kong, top on the iOS bestseller games chart in Macao and fourth on the iOS bestseller games chart in Taiwan. During the Reporting Period, the game recorded a revenue of approximately RMB22.99 million.

Fat Goose Gym (肥鵝健身房), launched in Japan in February 2024, is a casual game that we introduced through in-licensing, in which players can build a gym through synthetic gameplay, expand more areas and install equipments and furniture to attract more fat goose customers to visit. The game immediately ranked top on both the iOS free games chart and the Google Play free games chart in Japan after its launch. During the Reporting Period, the game also cooperated with IP *Crayon Shin-chan* (蠟筆小新), which received continuous attention and favourable feedback from players. During the Reporting Period, the game recorded a revenue of approximately RMB59.74 million.

Lost Light (迷途之光), launched in June 2024, is a pixel style roguelike pop-up game that we introduced through in-licensing. The game is based on action-adventure, combining map exploration and card raising gameplay with a huge number of skills to choose from, and allows players to advance and explore through free combination of skills. During the Reporting Period, the game recorded a revenue of approximately RMB8.51 million.



Ares Virus 2 (阿瑞斯病毒2), launched in August 2024, is an adventure survival RPG that we introduced through in-licensing and a sequel to *Ares Virus (阿瑞斯病毒)* with a top-down perspective and a unique and fresh ballpoint pen style. Players need to resist against the crime syndicate and rebuild their own home. The game features colorful scenes and characters, as well as brain-teasing and fun decryption gameplay, and has received favorable feedback from players since its launch. During the Reporting Period, the game recorded a revenue of approximately RMB23.18 million.

Gumballs & Dungeons (不思議迷宮), launched in August 2016, is our self-developed Rogue-like RPG. Since its launch, over 25 million cumulative registered players were recorded as of December 31, 2024. After eight years, the Group launched a free-to-download remote play version of *Gumballs & Dungeons (不思議迷宮)* in March 2025 on Steam, which has received enthusiastic responses from players, ranked the 6th on the global popular free games chart (Trending Free) and received a “Very Positive” rating, demonstrating the Group’s exceptional ability in long-term IP management. During the Reporting Period, the game recorded a revenue of approximately RMB7.44 million.

Major games such as *Eternal Adventure (無盡大冒險)* (launched in June 2015, our self-developed classic game that combines the features of idle gameplay experience and Diablo-like adventure), *Ares Virus (阿瑞斯病毒)* (launched in August 2018, our survival RPG introduced through in-licensing), *Servitor Project (使魔計劃)* (launched in January 2023, our self-developed strategy card game), *Time Voyager (時光旅行社)* (launched in December 2023, our self-developed infinite stream casual idle game), *Loot Rush (騎士衝呀)* (launched in May 2024, our ACT RPG introduced through in-licensing), and *BloodAge* (launched in September 2024, our card RPG game introduced through in-licensing in Korea) continued to contribute steady revenue to the Group, which amounted to approximately RMB26.02 million in total during the Reporting Period.

The Group also launched a number of self-developed and in-licensed mini-program games, including the mini program game version of *The Marvelous Snail/SuperSnail (最強蝸牛)* and *Sword and Fairy: Wen Qing (新仙劍奇俠傳之揮劍問情)*, etc. During the Reporting Period, the mini program games generated approximately RMB21.52 million in revenue.

PLAYER COMMUNITY

We have nurtured a vibrant community of players on various mobile game forums and social media platforms – QingCi Enthusiasts community. Through the QingCi community, our players can receive the latest information about our games, including recent events that we organize, opportunities to participate in testing our new games and free in-game virtual items.

As of December 31, 2024, our games had accumulated 15.8427 million QingCi Enthusiasts who contacted us through our official accounts and groups on social media platforms, such as Tencent QQ, WeChat, TapTap and Bilibili, representing an increase of 18.59% as compared with the same period last year. Our frequent and close interactions with QingCi Enthusiasts creates a virtuous circle as the feedback from the player community can help us to develop and improve our games, thereby attracting more active players.



OUTLOOK

At present, the Group has a pipeline of multiple mobile games, covering various genres and categories, including RPG, SLG:

Title	Mobile Game Genre	Source	Development Stage as of December 31, 2024	Expected Launch Time
Project W	Card RPG	In-licensed	Game production, testing and optimization	2025
Project E	SLG	Development in-house	Game production, testing and optimization	2026
Project T	SLG	In-licensed	Game production, testing and optimization	2026
Project HA	Card RPG	In-licensed	Game production, testing and optimization	2026
Project F	Survival socialization	In-licensed	Game production, testing and optimization	2026

Note: During the Reporting Period, the Group optimized the allocation of resources according to the progress of the pipeline game projects, and the progress of Project: Totem (項目：圖騰), Project V (項目V) and Project 36Z (項目36Z) has been put on hold.

Looking ahead, the Group will further enhance the long-term operations of existing games both domestic and overseas. Meanwhile, we will continuously polish and actively promote the testing and launch of pipeline games both domestic and overseas. Among these, the Korean version of *The Marvelous Snail/SuperSnail* (最強蝸牛) is currently in testing and is expected to be launched in Korea in 2025. Additionally, *Project W* (項目W), a card game based on the *Great Ruler* (大主宰), a novel written by the renowned author “Tian Can Tu Dou” (天蠶土豆) is also in continuous development and refinement.

The Group will continue to push forward the release plan of our pipeline games, and identify high-quality game projects, so as to create a diversified game portfolio and to bring a high-quality gameplay experience to our players all over the world.



FINANCIAL REVIEW

Revenue

Our revenue decreased by 30.7% from approximately RMB905.7 million for the year ended December 31, 2023 to RMB628.0 million for the year ended December 31, 2024 on a year-on-year basis. In 2024, our revenue from Mainland China was RMB352.1 million, accounting for 56.1% of total revenue, compared to 71.5% in 2023; our revenue from other areas was RMB275.9 million, accounting for 43.9% of total revenue, compared to 28.5% in 2023. Our revenue is mainly derived from (i) game operating business where we generate revenues primarily from the sales of in-game virtual items; (ii) game licensing business where we generate revenues from license fees paid by third-party publishers; (iii) information services business where we generate revenues from providing performance-based in-game marketing and promotion services to advertisers or their agents who promote their customers' products in our games to players; and (iv) other services and sales where we generate revenues from sales of game peripheral products and provision of technical services.

The following table sets forth a breakdown of our revenues by line of business for the years ended December 31, 2023 and 2024.

For the year ended December 31,					
	2024		2023		2024 vs. 2023 % Change
	RMB'000	%	RMB'000	%	
Game operating revenues					
Self-developed	365,175	58.2	507,746	56.0	(28.1)
Licensed	228,258	36.3	365,690	40.4	(37.6)
Subtotal	593,433	94.5	873,436	96.4	(32.1)
Game licensing revenue	11,060	1.8	18,948	2.1	(41.6)
Information service revenue	16,261	2.6	9,748	1.1	66.8
Other services and sales	7,208	1.1	3,605	0.4	99.9
Total revenues	627,962	100.0	905,737	100.0	(30.7)



MANAGEMENT DISCUSSION AND ANALYSIS

Game Operating Revenues

Our game operating revenues decreased by 32.1% to approximately RMB593.4 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the decrease in user spending as certain games are in maturity stage; meanwhile, we have mitigated the decline in revenue by continuously launching new games and global release of games, releasing game version updates, as well as organizing various operating activities, etc. Specifically:

- our revenue from self-developed games decreased by 28.1% to approximately RMB365.2 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the decline in revenue from *The Marvelous Snail/SuperSnail* (最強蝸牛) in regions such as Mainland China and Japan and *Servitor Project* (使魔計劃), partially offset by the increase in revenue resulting from the launch of *The Marvelous Snail/SuperSnail* (最強蝸牛) in regions such as Southeast Asia (other than Thailand) and Europe, and the launch of the mini program game version of *The Marvelous Snail/SuperSnail* (最強蝸牛) in Mainland China; and
- our revenue from licensed games decreased by 37.6% to approximately RMB228.3 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the decline in revenue from *Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情) in Mainland China and *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙), partially offset by the increase in revenue resulting from the launch of new games such as *Fat Goose Gym* (肥鵝健身房), *Ares Virus 2* (阿瑞斯病毒2) and *Lost Light* (迷途之光), and the launch of the remake of *Lantern and Dungeon* (提燈與地下城), etc.

Game Licensing Revenue

Our game licensing revenue decreased by 41.6% to approximately RMB11.1 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the decline in gross billings of games as *Gumballs & Dungeons* (不思議迷宮) (launched in August 2016) in Mainland China and *The Marvelous Snail/SuperSnail* (最強蝸牛) (launched in July 2020) in the HMT regions are in maturity stage, which in turn resulted in a decrease in game licensing revenues.

Information Service Revenue

Our information service revenue increased by 66.8% to approximately RMB16.3 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the increase in in-game advertisement views or clicks.

Other Services and Sales

Our other services and sales revenues increased by 99.9% to approximately RMB7.2 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the increase in revenue generated from sales of peripheral products and through marketing and promotion on third-party platforms and others.



Cost of Revenues

Our cost of revenues decreased by 23.9% from approximately RMB347.9 million for the year ended December 31, 2023 to RMB264.8 million for the year ended December 31, 2024 on a year-on-year basis. Our cost of revenues primarily consisted of (i) commissions charged by distribution and payment channels, representing revenue share payments to third-party distribution platforms and payment service providers for our self-published games; (ii) commissions charged by third-party game developers and IP holders; (iii) bandwidth and servers custody fee; (iv) employee benefits expenses related to our system maintenance and customer service personnel, including wages, salaries, bonuses, social insurance contributions and other employee benefits; and (v) others, including outsourced technical service fees for short messaging services, professional service fees, the impairments of prepayments to some game developers which were included in the cost of revenues, and miscellaneous expenses.

The following table sets forth our cost of revenues by nature in absolute amounts and as percentages of our total cost of revenues for the years ended December 31, 2023 and 2024.

For the year ended December 31,					
	2024		2023		2024 vs. 2023 % Change
	RMB'000	%	RMB'000	%	
Commissions charged by distribution and payment channels	137,771	52.0	177,344	51.0	(22.3)
Commissions charged by third-party game developers and IP holders	58,061	21.9	82,362	23.7	(29.5)
Bandwidth and servers custody fee	18,016	6.8	21,527	6.2	(16.3)
Employee benefits expenses	14,096	5.3	15,408	4.4	(8.5)
Others	36,903	14.0	51,220	14.7	(28.0)
Total	264,847	100.0	347,861	100.0	(23.9)

Our cost of revenue for commissions charged by distribution and payment channels decreased by 22.3% to approximately RMB137.8 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the decreased commissions paid to distribution platforms as a result of the decrease in game operating revenue.



MANAGEMENT DISCUSSION AND ANALYSIS

Our cost of revenue for commissions charged by third-party game developers and IP holders decreased by 29.5% to approximately RMB58.1 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the decreased commissions paid to third-party developers and IP holders as a result of the decrease in revenue from licensed games brought about by *Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情) and *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙), partially offset by increased commissions paid to third-party developers as a result of the increase in revenue from licensed games from the newly launched games, *Ares Virus 2* (阿瑞斯病毒2) and *Lost Light* (迷途之光) etc.

Our cost of revenue for others decreased by 28.0% to approximately RMB36.9 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to (i) the decreased impairment in the prepayments made by the Group to some game developers, and such impairment was included in the cost of revenues; and (ii) the decrease in outsourced technical service fee related to customer service.

Gross Profit and Gross Margin

Our gross profit decreased by 34.9% from approximately RMB557.9 million for the year ended December 31, 2023 to approximately RMB363.1 million for the year ended December 31, 2024. Our gross margin decreased to 57.8% for the year ended December 31, 2024 from 61.6% for the year ended December 31, 2023, primarily due to a decrease of 30.7% in total revenue for the Reporting Period on a year-on-year basis, and (i) a decrease of 22.3% in commissions charged by distribution and payment channels (the “**Channel Commissions**”) in the cost of revenues on a year-on-year basis, resulting in the decrease of gross margin. Further, the proportion of overseas revenue in the total revenue increased from 28.5% in the same period last year to 43.9% in the Reporting Period, and the proportion of overseas Channel Commissions to revenues was higher than that of domestic Channel Commissions. Therefore, the increase in the proportion of overseas revenue led to a higher rate of decline in total revenue than that of Channel Commissions, which in turn led to a drop in gross margin for the Reporting Period; (ii) a decrease of merely 13.0% in the commissions charged by third-party game developers in the cost of revenues on a year-on-year basis, also resulting in a decrease in gross profit margin; and (iii) a decrease of merely 13.1% for the Reporting Period in fixed expenses such as those related to bandwidth and servers, system maintenance and employee benefits of customer service personnel on a year-on-year basis, and such expenses were included in the cost of revenues, which further lowered the gross profit margin.

Selling and Marketing Expenses

Our selling and marketing expenses consisted of (i) marketing and promotion expenses paid to our online and offline marketing service providers, including traffic acquisition and brand marketing and promotion expenses, which represented 88.3% and 76.0% of our total selling and marketing expenses for the years ended December 31, 2023 and 2024, respectively; (ii) employee benefits expenses related to our sales and marketing personnel; and (iii) others, including office expenses incurred for our sales and marketing activities and miscellaneous expenses.



Our selling and marketing expenses decreased by 49.7% from approximately RMB429.2 million for the year ended December 31, 2023 to approximately RMB216.0 million for the year ended December 31, 2024. This was primarily due to the decrease in selling and marketing expenses of *Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙), *The Marvelous Snail/SuperSnail* (最強蝸牛) in regions such as Japan and North America, partially offset by the increase in the selling and marketing expenses resulting from the launch of new games such as *Fat Goose Gym* (肥鵝健身房), and the launch of the mini program game version of *The Marvelous Snail/SuperSnail* (最強蝸牛).

R&D Expenses

Our R&D expenses consisted of (i) employee benefits expenses related to our R&D staff; (ii) outsourced technical service fee; and (iii) others, including office expenses incurred for our R&D activities, depreciation of right-of-use assets, rental expenses, utilities and miscellaneous expenses.

Our R&D expenses increased by 0.6% from approximately RMB105.5 million for the year ended December 31, 2023 to approximately RMB106.1 million for the year ended December 31, 2024. This was primarily due to the fact that the expenses related to our employees engaged in R&D activities were generally flat on a year-on-year basis.

General and Administrative Expenses

Our general and administrative expenses primarily consisted of (i) employee benefits expenses related to our supporting staff; (ii) depreciation of right-of-use assets on our leases; (iii) tax surcharges, including VAT surcharges and stamp duty; (iv) rental expenses and utilities; and (v) others, including office expenses, depreciation of property, plant and equipment, professional services fee and miscellaneous expenses.

Our general and administrative expenses increased by 24.6% from approximately RMB49.0 million for the year ended December 31, 2023 to approximately RMB61.0 million for the year ended December 31, 2024. This was primarily due to the compensation for staff departure in certain game projects and the increase in supporting staff of the game peripheral products team, which led to an increase in expenses related to our supporting staff on a year-on-year basis.

Fair Value Changes on Investments Measured at Fair Value through Profit or Loss

Our fair value changes on investments measured at fair value through profit or loss reflected changes in the fair value of (i) certain of our long-term equity investments, which were equity investments in private equity funds as limited partners without significant influence, and investments in investee companies; and (ii) our short-term investments, primarily consisting of investment funds and wealth management products.



MANAGEMENT DISCUSSION AND ANALYSIS

Our fair value changes on investments measured at fair value through profit or loss recorded a turnaround from losses of approximately RMB9.0 million for the year ended December 31, 2023 to gains of approximately RMB60.9 million for the year ended December 31, 2024, mainly due to the increase in the fair value gains from investment funds and wealth management products resulting from factors such as the higher interest rate environment in the US dollar and strong performance in major global capital markets (e.g., US stocks, A shares and Hong Kong stocks) during the Reporting Period, partially offset by the impairment on investments in game industry chain companies.

Other Income

Our other income primarily consisted of (i) subsidies, mainly including government subsidies granted by local governments to support our R&D activities and in recognition of our contribution to local economic development and (ii) dividend distribution from long-term investments measured at fair value through profit or loss.

Our other income decreased by 53.8% from approximately RMB13.3 million for the year ended December 31, 2023 to approximately RMB6.1 million for the year ended December 31, 2024, mainly due to the decrease in government subsidies, partially offset by the dividend distribution from long-term investments measured at fair value through profit or loss.

Net Other Losses

Our net other losses primarily consisted of (i) net foreign exchange losses arising from revenue and trade receivables denominated in USD and JPY; and (ii) donations to charity organizations.

Our net other losses increased by 3.8% from net losses of approximately RMB4.6 million for the year ended December 31, 2023 to net losses of approximately RMB4.7 million for the year ended December 31, 2024, this change was primarily a result of (i) the appreciation of USD against JPY in 2024 and the depreciation of the Group's JPY holdings; and (ii) partially offset by the appreciation of USD against RMB and the appreciation of the Group's USD holdings.

Income Tax Credit/(Expenses)

Our income tax credit/(expenses) decreased from income tax expenses of approximately RMB12.6 million for the year ended December 31, 2023 to income tax credit of approximately RMB0.1 million for the year ended December 31, 2024, mainly due to (i) the decline in profit of a profit-making subsidiary; and (ii) the further recognition of deferred tax assets by the Group during the Reporting Period.



Profit/(Loss) for the Year

Our profit for the year recorded a turnaround from a net loss of approximately RMB37.6 million for the year ended December 31, 2023 to a net profit of approximately RMB47.1 million for the year ended December 31, 2024, mainly due to the increase in fair value of investments of the Group, partially offset by the impairments on investments in game industry chain companies and prepayments made by the Group to game developers.

	For the year ended December 31,	
	2024 (RMB'000)	2023 (RMB'000)
Profit/(loss) for the year	47,128	(37,600)

Liquidity, Capital Resources and Gearing Ratio

We fund our operations primarily through cash generated from our operating activities and capital contribution from our Shareholders.

As of December 31, 2024, the Group's total cash and cash equivalents decreased by 16.4% from approximately RMB538.0 million for the year ended December 31, 2023 to approximately RMB450.0 million for the year ended December 31, 2024. The decrease in total cash and cash equivalents during the Reporting Period was primarily due to (i) the usage of proceeds raised from the Global Offering; and (ii) the usage of part of our own funds for short-term investments.

As of December 31, 2024, we had borrowings of RMB20.0 million. As of the same date, we still had a banking credit facility of RMB70 million, and we did not draw down the facility as deposit to secure our obligations under our foreign currency forward contract.

As of December 31, 2024, the current assets of the Group amounted to approximately RMB1,686.9 million, and the current liabilities of the Group amounted to approximately RMB165.5 million (including interest-bearing liabilities of RMB20.0 million). As of December 31, 2023, the Group's current assets amounted to approximately RMB1,680.4 million and the Group's current liabilities amounted to approximately RMB220.8 million. Current ratio is calculated as total current assets divided by total current liabilities. As of December 31, 2024 and 2023, the current ratio of the Group was 1,019% and 761%, respectively.

Gearing ratio is calculated as total liabilities divided by total assets. As of December 31, 2024 and 2023, the gearing ratio of the Group was 9% and 13%, respectively.



MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2024, revenue generated from the Group's five largest customers accounted for 4% (2023: 3%) of the Group's total revenue and our single largest customer accounted for 2% (2023: 2%) of the Group's total revenue.

Certain subsidiaries of G-bits, a substantial shareholder of our Company, have published our games. We refer to G-bits and its subsidiaries as the G-bits Group. G-bits Group is the single largest customer of the Group for the year ended December 31, 2024. Except for G-bits Group, all of our five largest customers for the year ended December 31, 2024 were Independent Third Parties, and none of our Directors, their close associates or any Shareholders which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company has any interest in any of the Group's five largest customers. We deal with all of our customers at arm's length. We negotiate game publishing agreements with the G-bits Group based solely on commercial considerations, and the transaction terms with them are comparable to those with Independent Third-Party customers.

Major Suppliers

For the year ended December 31, 2024, the Group's five largest suppliers accounted for 35% (2023: 47%) of the Group's total purchases and our single largest supplier accounted for 15% (2023: 15%) of the Group's total purchases.

Except for Chengdu Xingqiwan Technology Co. Ltd., being an associate of the Company by virtue of the minority interest held by the Company therein (not more than 10%) and Alibaba Cloud Computing Ltd., a subsidiary of Alibaba which is the ultimate holding company of the Company's shareholder, Alibaba Qookka, all of our five largest suppliers for the year ended December 31, 2024 were Independent Third Parties, and none of our Directors, their close associates or any Shareholders who, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company has any interest in any of the Group's five largest suppliers.

Material Acquisitions and Disposals and Significant Investments

As at December 31, 2024, the Group's short-term investments measured at fair value through profit or loss increased by 15.9% from approximately RMB988.9 million as at December 31, 2023 to approximately RMB1,146 million as at December 31, 2024. The short-term investments mainly included investment funds and wealth management products. The increase was mainly attributable to (i) the increase in the fair value gains from investment funds and wealth management products; and (ii) the increase in our allocation to funds and wealth management products in order to improve the Group's utilization of our own funds during the Reporting Period. For the year ended December 31, 2024, no single investment of the Group accounted for more than 5% of the total assets of the Group.

Except for the above, the Group did not have any material acquisitions and disposals and significant investments during the year ended December 31, 2024.



Future Plan for Material Investments or Capital Assets

As at the date of this report, the Group does not have any future plan for material investments or purchase of capital assets.

Pledge of Assets

As of December 31, 2024, we did not pledge any of our assets.

Capital Expenditure

For the year ended December 31, 2024, our total capital expenditure was approximately RMB2.4 million, compared to approximately RMB4.0 million for the year ended December 31, 2023. Our capital expenditure primarily included our purchase of property, plant and equipment, mainly related to the purchase of office equipment. We funded these expenditures with cash generated from our operating activities. We plan to fund our future capital expenditures with our cash from operating activities.

Contingent Liabilities

As of December 31, 2024, we did not have any material contingent liabilities.

Foreign Exchange Risk Management

We operate globally through overseas third-party publishers and are exposed to foreign exchange risk arising from various currency exposures, mainly including USD and JPY. Our foreign exchange risk primarily arose from recognized assets and liabilities when receiving or to receive foreign currencies from overseas counterparties. We managed our foreign exchange risk exposures through foreign currency forward contracts during the year ended December 31, 2024.

PRINCIPAL RISKS AND UNCERTAINTIES

We face various risks involved in our daily business operations, including risks that are specific to our game publishing business as well as the industry and regulatory landscape in the PRC. In particular, our commercial launch of mobile games is subject to certain pre-approval and post-filing procedures with the relevant competent regulatory authorities in the PRC, which may change from time to time. For details, please refer to the sections headed “Risk Factors” and “Business – Legal Proceedings and Regulatory Compliance” in the Prospectus.



MANAGEMENT DISCUSSION AND ANALYSIS

In particular, the rapid advancement of artificial intelligence (AI) technology and popularization of open-source models may accelerate the reshaping of industry landscape. Players' demand for intelligent gaming has driven companies to accelerate the integration of AI capabilities into the entire process of R&D and operation. Technology upgrade not only brought about increased investments in hardware but also intensified competition for high-end talent, which profoundly impacted the industry landscape. To address these challenges, we continued to pay attention to the development of AI technologies, organized employees to learn and practise relevant AI technologies, and endeavoured to incorporate more applications of AI technologies in various aspects to enhance productivity. Meanwhile, we remained steadfast in our commitment to the quality of game content and understood players's thoughts in a timely manner by maintaining close communication with QingCi Enthusiasts, which was essential to both game production and operation. On the premise of guaranteeing player experience, we will strive to explore how to effectively apply AI to improving product quality, optimizing workflows and saving R&D costs.

Apart from this, the rise of domestic AAA games is changing China's game market, significantly raising players' expectations for content depth, cultural attributes and technology performance. To this end, we maintained our commitment to premium content as our core competitiveness. We will continue to refine our self-developed products while identifying and incorporating into Qingci's operating system high-quality third-party products that are popular amongst players. Also, we will further look into the specific strategies with respect to optimizing product commercialization, so as to thrive in a broader and more challenging market.

For other risks faced by the Group and response strategies, please also refer to the section headed "Risk Management And Internal Control – Significant Risks of the Company" on pages 126 to 127 of this annual report. We also operate our business under contractual arrangements, and are therefore subject to the related risks which are summarized in the section headed "Contractual Arrangements – Risks relating to the Contractual Arrangements" on pages 43 to 45 of this annual report.



Report of The Directors

The Board of the Company is pleased to present this annual report of Directors together with the Consolidated Financial Statements of the Group for the year ended December 31, 2024.

PRINCIPAL ACTIVITIES

We are an established mobile game developer and publisher in China, offering mobile games that are designed to provide captivating content as well as distinctive and engaging gameplay experiences to players in Chinese Mainland and overseas. As a leader in casual games, especially idle games, and rogue-like RPGs in China, we have developed, published and operated a number of popular games.

An analysis of the Group's revenue and operating results for the year ended December 31, 2024 by its principal activities is set out in Management Discussion and Analysis section.

Particulars of the Company's principal subsidiaries as at December 31, 2024 are set out in Note 1 "General information and basis of presentation" to the Consolidated Financial Statements.

BUSINESS REVIEW

A fair review of the business of the Group, a description of the principal risks and uncertainties facing the company, the outlook of future development of the business of the Group as well as a discussion and analysis of the Group's performance during the Reporting Period and the material factors underlying its financial performance and financial position as required by section 388(2) and Schedule 5 to the Companies Ordinance can be found in the section headed "Management Discussion and Analysis" of this annual report.

The financial risk management objectives and policies of the Group are set out in Note 3 "Financial Risk Management" to the Consolidated Financial Statements.

Further details relating to the Group's relationships with its key stakeholders, the Group's environmental policies and performance, as well as the compliance with the relevant laws and regulations that have a significant impact on the Group can be found in the "Environmental, Social and Governance Report" on pages 52 to 105. The "Management Discussion and Analysis" and the "Environmental, Social and Governance Report" form part of this annual report.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the financial position of the Group for the last five years is set out on page 239 of this annual report.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the Consolidated Financial Statements on pages 133 to 238.



ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company (the “**2024 AGM**”) will be held on Friday, June 6, 2025. The notice of the 2024 AGM will be published on the websites of the Company (www.qcplay.com) and the Stock Exchange (www.hkexnews.hk) in April 2025.

FINAL DIVIDEND

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2024 (for the year ended December 31, 2023: nil).

CLOSURE OF REGISTER OF MEMBERS

In relation to the 2024 AGM

For ascertaining Shareholders’ right to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Tuesday, June 3, 2025 to Friday, June 6, 2025, both days inclusive, during which period no transfer of Shares will be effected.

In order to be eligible to attend and vote at the forthcoming 2024 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, June 2, 2025 for registration.

ENVIRONMENTAL POLICIES AND PERFORMANCE

We are committed in promoting a sustainable and environmental friendly environment. We endeavour to comply with the relevant laws and regulations regarding environmental protection and implement effective measures to achieve efficient use of resources, waste reduction and energy saving. For instance, (1) special personnel are arranged to inspect the waste of resources irregularly, for example, whether electrical power such as electronic equipment, lights and air conditioning are switched off or not; (2) reminders such as “Saving Power” are put up to the air conditioning and light switches; and (3) all end-of life electronic equipment and some equipment with secondary use value are handed over to suppliers with recycling qualifications for disposal in the daily operation and office activities. We also review our environmental policies on a regular basis.

In accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 of the Listing Rules, the Company’s “Environmental, Social and Governance Report” can be found on pages 52 to 105.



COMPLIANCE WITH LAWS AND REGULATIONS

The Group is subject to various PRC laws and regulations in relation to its game publishing operations in the PRC, including, without limitation, in the aspects of value-added telecommunication services, game examination, publishing and operation, virtual currency, real-name registration, anti-addiction system, information security and censorship, and privacy protection.

As far as the Board and the management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

BOARD COMMITTEES

Please refer to pages 114 to 122 of the Corporate Governance Report for further details in relation to (1) Remuneration Committee, (2) Audit Committee, and (3) Nomination Committee as established by the Board.

DIRECTORS

The Directors during the Reporting Period and up to the Latest Practicable Date were:

Executive Directors

Mr. Yang Xu (*Chairman*)
Mr. Huang Zhiqiang (*Chief executive officer*)
Mr. Liu Siming
Mr. Zeng Xiangshuo

Independent Non-executive Directors

Professor Lam Sing Kwong Simon
Mr. Yuan Yuan
Ms. Fang Weijin

In accordance with article 16.19 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Accordingly, Mr. Liu Siming, Mr. Zeng Xiangshuo and Professor Lam Sing Kwong Simon shall retire from office by rotation at the forthcoming 2024 AGM and, being eligible, will offer themselves for re-election.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" of this annual report.



DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with us under which they agreed to act as Executive Directors for an initial term of three years or until the third annual general meeting of our Company since the Listing Date (whichever is sooner and subject to automatic renewal upon approval of re-appointment of the Director by the Shareholders in annual general meetings of the Company), which may be terminated by not less than three months' notice in writing served by either the Executive Director or us.

Except for Mr. Yuan Yuan ("**Mr. Yuan**"), each of the independent non-executive Directors has signed an appointment letter with us for an initial term of three years or until the third annual general meeting of our Company since the Listing Date (whichever is sooner and subject to automatic renewal upon approval of re-appointment of the Director by the Shareholders in annual general meetings of the Company), respectively, with effect from the Listing Date. Mr. Yuan has signed an appointment letter with us for a term of three years commencing from October 17, 2023. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee.

The above appointments are always subject to the provisions of retirement and rotation of directors under the Articles of Association.

None of the Directors has entered into a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

Such permitted indemnity provision has been in force for the year ended December 31, 2024. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Related Party Transactions" below and Note 36 "Related Party Transactions" to the Consolidated Financial Statements, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the Reporting Period.



MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

EMPLOYEES, REMUNERATION AND PENSION SCHEME

As of December 31, 2024, we had 564 full-time employees, substantially all of whom were based in China and 12 of whom were based overseas.

We offer our employees competitive compensation packages and a collaborative working environment and, as a result, we have generally been able to attract and retain qualified personnel and maintain a stable, core management team. We compensate our employees with basic salaries, subsidies, and performance-based and annual bonuses, and pay, on behalf of our employees, monthly social insurance premiums covering basic pension insurance, basic medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing reserve fund.

We recruit talent primarily from job fairs as well as word-of-mouth referrals. We provide regular training to our employees covering various aspects including our culture and technical know-how. We also follow up with the employees to evaluate the effect of the training, which is aimed at enhancing our employees' skillset and helping them stay up to date with industry and technology developments. In addition, we discover and incubate future game producers who display strong innovation and game design talent. We encourage and support our employees keen on mobile game development to become our producers. They may form new core project teams with other like-minded employees to develop new games.



REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management are supervised by the Remuneration Committee and determined by the Board with reference to their duties, responsibilities and performance and the results of the Company as well as the prevailing market conditions. Details of the Directors' remuneration are set out in Note 7(b) "Directors' and chief executive's emoluments" to the Consolidated Financial Statements.

For the year ended December 31, 2024, the emoluments of senior management team (which comprises our executive Directors and other senior management members) fell within the following bands:

	Number of individuals
Emolument bands (in HKD)	
HKD1,500,001 – HKD2,000,000	2
HKD2,500,001 – HKD3,000,000	1
HKD3,000,001 – HKD3,500,000	1
HKD3,500,001 – HKD4,000,000	1
Total	5

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at December 31, 2024, none of the Directors or their associates has any competing interests in the businesses which compete or are likely to compete, directly or indirectly, with our Group or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.



PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Reporting Period are set out in Note 14 “Property, Plant and Equipment” to the Consolidated Financial Statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the Reporting Period and details of the Shares issued during the Reporting Period are set out in Note 25 “Share Capital And Share Premium” to the Consolidated Financial Statements.

DONATION

During the Reporting Period, the Group made approximately RMB0.3 million of charitable donation to public welfare and charitable organizations.

DEBENTURE ISSUED

The Group did not issue any debenture during the Reporting Period.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed during the Reporting Period.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year ended December 31, 2024 are set out on Note 25 to the Consolidated Financial Statements. The distributable reserves of the Company as at December 31, 2024 were approximately RMB5,118 million.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at December 31, 2024 are set out in the section headed “Management Discussion and Analysis” in this annual report.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 106 to 132 of this annual report.



INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests or short positions of our Directors and chief executives in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules were as follows:

Name of Director	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest ⁽¹⁾
Mr. Yang Xu ("Mr. Yang") ⁽²⁾	Settlor of a discretionary trust	206,057,019	29.81%
Mr. Huang Zhiqiang ("Mr. Huang") ⁽³⁾	Settlor of a discretionary trust	25,015,715	3.62%
	Interest in controlled corporation	37,307,058	5.40%
Mr. Liu Siming ("Mr. Liu") ⁽⁴⁾	Settlor of a discretionary trust	12,842,792	1.86%
Mr. Zeng Xiangshuo ("Mr. Zeng") ⁽⁵⁾	Interest in controlled corporation	7,439,214	1.08%

Notes:

- (1) The calculation is based on the total number of issued shares of the Company as at the Latest Practicable Date, being 691,330,500 Shares.



- (2) *The Company is held as to 29.81% by Keiskei Holding Ltd., following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Keiskei Holding Ltd. is a company incorporated in the British Virgin Islands (the “BVI”) and is held as to 99% by Yang Family Holding Limited and 1% by Keiskei QC Ltd., a company wholly-owned by Mr. Yang. Yang Family Holding Limited is held by the Peter Yang Family Trust, which was established by Mr. Yang as the settlor. TMF (Cayman) Ltd. is the trustee of the Peter Yang Family Trust, and Mr. Yang and his family members are the beneficiaries of the Peter Yang Family Trust. As such, Mr. Yang is deemed to be interested in our Shares held by Keiskei Holding Ltd. Mr. Yang is also a director of Keiskei Holding Ltd.*
- (3) *The Company is held as to 3.62% and 5.40% by Intelligence QC Holding Ltd. and Intelligence QC Ltd., respectively, following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Intelligence QC Holding Ltd. is a company incorporated in the BVI and is held as to 99% by Intelligence Future Holding Limited and 1% by Intelligence QC Ltd., a company wholly-owned by Mr. Huang. Intelligence Future Holding Limited is held by Intelligence Future Trust, which was established by Mr. Huang as the settlor. TMF (Cayman) Ltd. is the trustee of Intelligence Future Trust, and Mr. Huang and his family members are the beneficiaries of the Intelligence Future Trust. As such, Mr. Huang is deemed to be interested in our Shares held by Intelligence QC Holding Ltd. and Intelligence QC Ltd. Mr. Huang is also a director of Intelligence QC Holding Ltd.*
- (4) *The Company is held as to 1.86% by Gentle Tiger Holding Ltd., following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Gentle Tiger Holding Ltd. is a company incorporated in the BVI and is held as to 99% by Sebastian Family Holding Limited and 1% by Gentle Tiger Ltd., a company wholly-owned by Mr. Liu. Sebastian Family Holding Limited is held by the Sebastian Family Trust, which was established by Mr. Liu as the settlor. TMF (Cayman) Ltd. is the trustee of the Sebastian Family Trust, and Mr. Liu and his family members are the beneficiaries of the Sebastian Family Trust. As such, Mr. Liu is deemed to be interested in our Shares held by Gentle Tiger Holding Ltd. Mr. Liu is also a director of Gentle Tiger Holding Ltd.*
- (5) *Cloud Rings Ltd. is a company incorporated in the BVI which owns 7,439,214 shares of the Company and is wholly-owned by Mr. Zeng. As such, Mr. Zeng is deemed to be interested in the 7,439,214 Shares held by Cloud Rings Ltd.*

Save as disclosed above, so far as the Directors and the chief executive of the Company are aware, none of the Directors or the chief executive of the Company had registered an interest or short position in any Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified under Division 7 and 8 of Part XV of the SFO or recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the interests of relevant persons (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or the underlying shares, as recorded in the register required to be kept under Section 336 of SFO, were as follows:

Name of Director	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest ⁽¹⁾
Keiskei Holding Ltd. ⁽²⁾	Beneficial owner (L)	206,057,019	29.81%
Yang Family Holding Limited ⁽²⁾	Interest in controlled corporation (L)	206,057,019	29.81%
Mr. Yang ⁽²⁾	Settlor of a discretionary trust (L)	206,057,019	29.81%
HK Kunpan ⁽³⁾	Beneficial owner (L)	128,243,058	18.55%
G-bits ⁽³⁾	Interest in controlled corporation (L)	128,243,058	18.55%
Intelligence QC Ltd. ⁽⁴⁾	Beneficial owner (L)	37,307,058	5.40%
Mr. Huang ⁽⁴⁾	Settlor of a discretionary trust (L)	25,015,715	3.62%
	Interest in controlled corporation (L)	37,307,058	5.40%
Rapid Yacht Limited ⁽⁵⁾	Beneficial interest (L)	51,338,076	7.43%
Mr. Ye Jiting ("Mr. Ye") ⁽⁵⁾	Interest in controlled corporation (L)	51,338,076	7.43%
TMF (Cayman) Ltd. ⁽⁶⁾	Trustee (L)	243,915,526	35.28%
Alibaba Qookka ⁽⁷⁾	Beneficial interest (L)	36,884,938	5.34%
Alibaba ⁽⁷⁾	Interest in controlled corporation (L)	36,884,938	5.34%



Notes:

- (1) *The calculation is based on the total number of issued shares of the Company as at the Latest Practicable Date, being 691,330,500 Shares.*
- (2) *The Company is held as to 29.81% by Keiskei Holding Ltd., following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Keiskei Holding Ltd. is a company incorporated in the BVI and is held as to 99% by Yang Family Holding Limited and 1% by Keiskei QC Ltd., a company wholly-owned by Mr. Yang. Yang Family Holding Limited is held by the Peter Yang Family Trust, which was established by Mr. Yang as the settlor. TMF (Cayman) Ltd. is the trustee of the Peter Yang Family Trust, and Mr. Yang and his family members are the beneficiaries of the Peter Yang Family Trust. As such, Mr. Yang is deemed to be interested in our Shares held by Keiskei Holding Ltd. Mr. Yang is also a director of Keiskei Holding Ltd.*
- (3) *HK Kunpan is a direct wholly-owned subsidiary of G-bits.*
- (4) *The Company is held as to 3.62% and 5.40% by Intelligence QC Holding Ltd. and Intelligence QC Ltd., respectively, following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Intelligence QC Holding Ltd. is a company incorporated in the BVI and is held as to 99% by Intelligence Future Holding Limited and 1% by Intelligence QC Ltd., a company wholly-owned by Mr. Huang. Intelligence Future Holding Limited is held by Intelligence Future Trust, which was established by Mr. Huang as the settlor. TMF (Cayman) Ltd. is the trustee of Intelligence Future Trust, and Mr. Huang and his family members are the beneficiaries of the Intelligence Future Trust. As such, Mr. Huang is deemed to be interested in our Shares held by Intelligence QC Holding Ltd. and Intelligence QC Ltd. Mr. Huang is also a director of Intelligence QC Holding Ltd.*
- (5) *The Company is held as to 7.26% by Rapid Yacht Limited following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022, and Rapid Yacht Limited is wholly owned by Mr. Ye. As such, Mr. Ye is deemed to be interested in our Shares held by Rapid Yacht Limited.*
- (6) *TMF (Cayman) Ltd. is the trustee of Intelligence Future Trust, Peter Yang Family Trust and Sebastian Family Trust which in aggregate held 243,915,526 Shares. Hence, TMF (Cayman) Ltd. is deemed to be interested in such 243,915,526 Shares as a trustee.*
- (7) *Alibaba Qookka is ultimately owned by Alibaba.*

Saved as disclosed above, so far as the Directors are aware, no other persons had registered an interest or short position in any Shares or underlying shares or debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO, or as otherwise notified.



RELATED PARTY TRANSACTIONS

Details of the related party transactions were set out in Note 36 “Related Party Transactions” to the Consolidated Financial Statements. Details of any related party transaction which constitute continuing connected transaction not exempted under Chapter 14A of the Listing Rules are disclosed below.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group renewed its connected transactions as disclosed in the Prospectus, the following transactions of our Group constituted continuing connected transactions of the Company and are subject to reporting requirements under Chapter 14A of the Listing Rules.

Connected Persons

G-bits, through its indirectly wholly-owned subsidiary, HK Kunpan, holds 18.55% of the total issued shares in the Company following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Accordingly, G-bits is a substantial shareholder of our Group, and therefore G-bits and its subsidiaries are connected persons of our Company pursuant to Chapter 14A of the Listing Rules.

Property Leasing and Administrative Services

On November 18, 2021, the Company and G-bits entered into a property leasing and administrative services framework agreement, which commenced on the Listing Date and expired on December 31, 2023 (the “**2021 Property Leasing and Administrative Services Framework Agreement**”). To continue the transactions contemplated under 2021 Property Leasing and Administrative Services Framework Agreement, the Company and G-bits entered into a property leasing and administrative services framework agreement on October 17, 2023, (the “**2023 Property Leasing and Administrative Services Framework Agreement**”) for the Group to continue to use certain properties owned by G-bits as office premises and certain ancillary office administrative services (including but not limited to environmental sanitation, security management services, site hardware and equipment for offices and the maintenance and repair of its site hardware and equipment) provided by G-bits with regards to these office premises.

Pursuant to the 2023 Property Leasing and Administrative Services Framework Agreement, G-bits and/or its subsidiaries shall lease to the Group office premises in an office building located in Xiamen, the PRC with an aggregate gross area of approximately 2,187.49 square meters as office premises and provide to the Group ancillary office administrative services for these office premises. The Group may increase or decrease rental property space from G-bits or its subsidiaries in accordance with the actual demand of the Group. The Company and its subsidiaries as tenants on the one part and G-bits and its subsidiaries as landlords on the other part shall enter into separate lease and administrative services agreements and comply with the principles and conditions provided in the 2023 Property Leasing and Administrative Services Framework Agreement.

The term of the 2023 Property Leasing and Administrative Services Framework Agreement shall commence from January 1, 2024 and expire on December 31, 2026.



Reasons for and benefits of the transactions

Our Group have been leasing the abovementioned office premises for its business operations for over six years. Due to the expansion of the Group's business and the limited office premises at the time, some of the Group's staff has been relocated to other office premises newly leased and thus the Group has reduced the aggregate gross area to be rented from the G-bits Group under the 2023 Property Leasing and Administrative Services Framework Agreement. Nonetheless, the Company considers that the continuous leasing of the abovementioned office premises accommodates the business needs of the Group and that any relocation may cause unnecessary disruption to its business operation and incur unnecessary costs.

Annual caps

The annual caps of the aggregate lease and administrative services payments to be made by our Group under the 2023 Property Leasing and Administrative Services Framework Agreement for the years ending December 31, 2024, 2025 and 2026 respectively, are set out in the table below:

	For the years ending December 31,		
	2024 (RMB'000)	2025 (RMB'000)	2026 (RMB'000)
Value of right-of-use assets	6,387	3,194	0
Lease and administrative services expenses payable by the Group to G-bits Group	3,000	3,600	4,320

The total amount incurred by the Group under the 2023 Property Leasing and Administrative Services Framework Agreement for the year ended December 31, 2024 was approximately RMB2.4 million.

Game Cooperation with G-bits

On November 18, 2021, we and G-bits entered into a game cooperation framework agreement (the **"2021 Game Cooperation Framework Agreement"**), which commenced on the Listing Date and expired on December 31, 2023. On October 17, 2023, the Company and G-bits entered into the 2023 game cooperation framework agreement (the **"2023 Game Cooperation Framework Agreement"**), pursuant to which, the Group agreed to continue to (i) license games of G-bits Group to the Group for publishing and operating on the Company's platforms in designated regions on an exclusive basis (expense-based); and (ii) license the games of the Group to G-bits Group for publishing and operating such games on G-bits' platforms in designated regions on an exclusive basis (revenue-based). The Group and G-bits Group also agreed to (i) continue to participate in marketing games licensed to the exclusive publication and operation of the other party in designated regions and (ii) jointly promote and develop games. The Group and G-bits Group shall pay fees to each other (as the case may be). The precise scope of cooperation, the calculation of fees and other details of the cooperation shall be agreed between the relevant parties separately.

The term of the 2023 Game Cooperation Framework Agreement is three financial years commencing from January 1, 2024 and expiring on December 31, 2026.



REPORT OF THE DIRECTORS

Reasons for and benefits of the transactions

G-bits develops, publishes and operates a large number of online games in the PRC. While the Group typically publishes and operates games which were self-developed, the Group also has commercial liberty to (i) engage third-party publishers to publish and operate games that the Group has self-developed; and (ii) obtain licenses from third-party game developers to publish and operate games owned by them to maximize its earnings. It is expected that the Group and G-bits Group could leverage each other's competitive advantages in products and platforms and players' pool to improve popularity of games owned by each other, increase the number of platform users and leverage each other's game publishing and operating capabilities.

Annual caps

The annual caps for the fees payable by our Group to G-bits Group and the fees payable by G-bits Group to our Group under the 2023 Game Cooperation Framework Agreement for the years ending December 31, 2024, 2025 and 2026, respectively, are set out in the table below:

	For the years ending December 31,		
	2024 (RMB'000)	2025 (RMB'000)	2026 (RMB'000)
(a) Fees payable by our Group to G-bits Group (<i>Expense-based</i>)	6,000	22,000	15,000
(b) Fees payable by G-bits Group to our Group (<i>Revenue-based</i>)	26,820	24,138	21,724

The total fees payable by our Group to G-bits Group (expense-based) and by G-bits Group to our Group (revenue-based) under the 2023 Game Cooperation Framework Agreement for the year ended December 31, 2024 were approximately RMB2.3 million and RMB11 million respectively.

Marketing and Promotion Cooperation with G-bits

Pursuant to the 2023 Game Cooperation Framework Agreement, our Group and G-bits Group also agreed to cooperate on marketing and promoting games owned by the other party on its own platforms. G-bits Group shall provide marketing and promotion services, including but not limited to marketing, promotion and advertising to our Group for our games on platforms operated by G-bits Group. Meanwhile, our Group shall provide marketing and promotion services, including but not limited to marketing, promotion and advertising to G-bits Group for G-bits Group's games on platforms operated by our Group.



In return for the marketing and promotion services provided, our Group and G-bits Group will pay the other party marketing and promotion fees using one or more of the following methods, depending on the means of cooperation:

- Cost per action: charged based on the number of newly activated users;
- Cost per click: charged based on the price of each click and number of clicks of online users;
- Cost per sale: charged based on the users' actual top-up amount;
- Fixed amount of marketing and promotion fee with reference to the prevailing market rates; or
- Other fee arrangements agreed by the parties with reference to the prevailing market rates.

The channel expense will be agreed by the parties separately.

The term of the 2023 Game Cooperation Framework Agreement is three financial years commencing from January 1, 2024 and expiring on December 31, 2026.

Reasons for and benefits of the transactions

Our Group has been engaging G-bits Group for their marketing and promotion services and we expect to continue on engaging G-bits Group for their marketing and promotion services. G-bits Group has a strong marketing platform in the PRC and offers comprehensive marketing and promotion services to mobile game companies. We believe that G-bits Group will be able to enhance popularity and commercial potential of our games extensively and we will tap into the diverse pool of potential game players on G-bits Group's platforms. In addition, we also expect to continue the cooperation with G-bits Group on the provision of our marketing and promotion services to G-bits Group. As our Group continues to develop more games and operate more gaming platforms, we believe through providing marketing and promotion services to third party game developers (including G-bits Group), it will create a new revenue stream for our Group and diversify our revenue base and improve our market position.



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Annual caps

The annual caps for the fees payable by our Group to G-bits Group and the fees payable by G-bits Group to our Group under the 2023 Game Cooperation Framework Agreements for the years ending December 31, 2024, 2025 and 2026, respectively, are set out in the table below:

	For the years ending December 31,		
	2024 (RMB'000)	2025 (RMB'000)	2026 (RMB'000)
(a) Marketing and promotion services fees payable by our Group to G-bits Group (Expense-based)	75,000	90,000	108,000
(b) Marketing and promotion services fees payable by G-bits Group to our Group (Revenue-based)	4,500	6,000	7,000

The total marketing and promotion services fees payable by our Group to G-bits Group (expense-based) and by G-bits Group to our Group (revenue-based) under the 2023 Game Cooperation Framework Agreement for the year ended December 31, 2024 were approximately RMB2.3 million and RMB1.4 million respectively.

Confirmation by the Independent Non-executive Directors

The Independent Non-executive Directors have reviewed the above continuing connected transactions and has confirmed that such transactions are:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better terms; and
- (iii) in accordance with the agreements related to such transactions, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.



Confirmation by the Auditors

Based on the work performed, the auditor of the Company confirmed to the Board that nothing has come to their attention that causes them to believe that the aforesaid continuing connected transactions:

- (1) have not been approved by the Board;
- (2) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- (3) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) have exceeded the annual cap as set by the Company.

Save as disclosed above, the related party transactions referred in Note 36 to the Consolidated Financial Statements do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, and except the continuing connected transactions that were fully exempted pursuant to Chapter 14A of the Listing Rules, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the Reporting Period in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

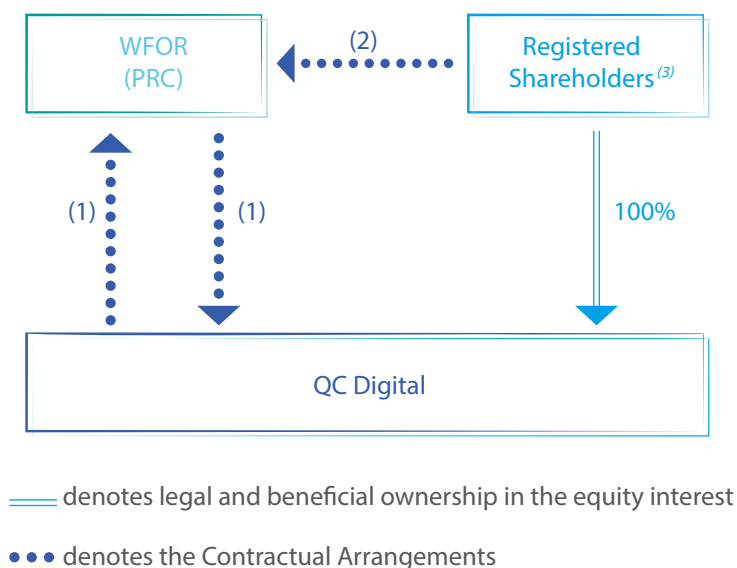
CONTRACTUAL ARRANGEMENTS

On May 26, 2021, a series of Contractual Arrangements have been entered into by WFOE, QC Digital and the Registered Shareholders through which we obtain control over the operations of, and enjoy all economic benefits of our PRC Consolidated Affiliated Entities. The existing agreements underlying such Contractual Arrangements comprise: (i) Exclusive Business Cooperation Agreement; (ii) Exclusive Option Agreement; (iii) Equity Pledge Agreement; and (iv) Voting Rights Proxy Agreement and Powers of Attorney. The Contractual Arrangements allow the results of operations and assets and liabilities of QC Digital and its subsidiaries to be consolidated into our results of operations and assets and liabilities under IFRS as if they were subsidiaries of our Group.



REPORT OF THE DIRECTORS

The following simplified diagram illustrates the flow of economic benefits from our PRC Consolidated Affiliated Entities to WFOE as stipulated under the Contractual Arrangements.



Notes:

- (1) WFOE provides technical consultation and other services in exchange for service fees from QC Digital. See “–Summary of the Contractual Arrangements” below.
- (2) The Registered Shareholders (i) executed an exclusive option agreement in favor of WFOE, for the acquisition of all or part of the equity interests and/or assets in QC Digital; (ii) granted security interests in favor of WFOE, over the entire equity interests in QC Digital held by Registered Shareholders; and (iii) executed the Voting Rights Proxy Agreement and Powers of Attorney in favor of WFOE, for the exercise of all shareholders’ rights in QC Digital. The spouse of each relevant individual shareholders executed an undertaking in favor of WFOE. See “–Summary of the Contractual Arrangements” below.
- (3) Wofan Qihang, G-bits, Xiamen Sealand, Guangxi Tencent Venture Capital Co., Ltd. (廣西騰訊創業投資有限公司), Alibaba Lingxi and Shanghai Hode and the relevant individual shareholders (including Mr. Yang, Mr. Huang, Mr. Liu, Mr. Zeng, Mr. Wei, Mr. Ye and Mr. Lin) are collectively referred to as “Registered Shareholders”.
- (4) In addition to the restricted and/or prohibited business of our Company, QC Digital also directly or indirectly holds investment in certain entities in the PRC (the “**Relevant Entities**” and each a “**Relevant Entity**”), each of which (i) is engaged in business subject to foreign investment prohibition under the Negative List which will impair the continuous validity of the relevant licenses or permits of the prohibited businesses held or invested by these entities; or (ii) does not currently carry out business operations that are subject to foreign investment prohibition under the Negative List, however, such Relevant Entity intend to invest or engage in potential businesses which are subject to foreign investment prohibition and has expressly rejected our Company’s proposed transfer of the interest in these entities held by QC Digital to WFOE. It would be impracticable to obtain the consent and/or the assistance from all of the relevant stakeholders required for our Company’s proposed transfer of the interest in the Relevant Entities held by QC Digital to WFOE. For further details of these Relevant Entities, please refer to section headed “Contractual Arrangements” of the Prospectus.



Summary of the Contractual Arrangements

A description of each of the specific agreements that comprises the Contractual Arrangements is set out below:

Exclusive Business Cooperation Agreement

Pursuant to an exclusive business cooperation agreement dated May 26, 2021 entered into between WFOE and QC Digital (the “**Exclusive Business Cooperation Agreement**”), QC Digital agreed to engage WFOE as its exclusive provider to provide QC Digital with technical consultation and services, including but not limited to, (i) business operation and management consultation; (ii) technical consultation; (iii) marketing and promotion consultation, and providing solutions for marketing and promotion; (iv) daily management, maintenance and update of the hardware and database; (v) development, maintenance and update of the software and system; (vi) daily maintenance, debugging and troubleshooting of computer network equipment; (vii) rental of equipment; (viii) human resource support and employee training; and (ix) other services permitted under PRC law as required by QC Digital from time to time. In exchange for these services, QC Digital shall pay a service fee, which shall consist of the total consolidated profit of QC Digital in any financial year, after the deduction of operating costs, expenses, taxes and other statutory contributions in the corresponding financial year, which may include any accumulated deficit of QC Digital and all of its consolidated subsidiaries in respect of the preceding financial year(s) (if any). Meanwhile, QC Digital agreed to any adjustment WFOE may make at its sole discretion on the service fee based on the (i) the complexity of the technical support, the technical consultation and other services provided; (ii) the time required for providing services; (iii) the content and commercial value of the services provided; and (iv) the market price of the same type of services. QC Digital has agreed to pay the service fee to a bank account designated by WFOE within five (5) business days after WFOE issues the payment notice. During the term of the Exclusive Business Cooperation Agreement, WFOE enjoys all the economic benefits in relation to our PRC Consolidated Affiliated Entities business operation.

The Exclusive Business Cooperation Agreement shall remain effective unless (i) the entire equity interests held by the Registered Shareholders in QC Digital or the entire assets held by QC Digital have been transferred to WFOE or its appointee(s); (ii) terminated in writing by WFOE thirty days in advance; (iii) when QC Digital ceases to operate any business, becomes insolvency, bankruptcy or subject to liquidation or dissolution procedures; or (iv) when it is legally permissible for WFOE to hold equity interests directly or indirectly in QC Digital and WFOE or its appointee(s) is registered to be the shareholder of QC Digital. QC Digital is not contractually entitled to unilaterally terminate the Exclusive Business Cooperation Agreement with WFOE.

Exclusive Option Agreement

Pursuant to an exclusive option agreement dated May 26, 2021, entered into among WFOE, QC Digital and the Registered Shareholders (the “**Exclusive Option Agreement**”), WFOE has the irrevocable, unconditional and exclusive right to purchase, or to designate one or more persons/entities to purchase, from the Registered Shareholders all or any part of their equity interests in QC Digital and from QC Digital all or any part of the assets of QC Digital at any time in WFOE’s absolute discretion in accordance with the provision of the Exclusive Option Agreement and to the extent permitted by the PRC laws. The consideration in relation to purchasing equity interests from the Registered Shareholders shall be the nominal price or the lowest price as permitted under the applicable PRC laws. The consideration in relation to purchasing assets from QC Digital shall be the lowest price as permitted under the applicable PRC laws. The Registered Shareholders shall return the consideration received to WFOE or any person/entity designated by WFOE.



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The Exclusive Option Agreement shall remain effective unless terminated in the event that (i) the entire equity interests held by the Registered Shareholders in QC Digital or the entire assets held by QC Digital have been transferred to WFOE or its appointee(s); or (ii) in writing by WFOE thirty days in advance.

Equity Pledge Agreement

Pursuant to the Equity Pledge Agreement dated May 26, 2021 entered into between WFOE, QC Digital and the Registered Shareholders (the “**Equity Pledge Agreement**”), the Registered Shareholders agreed to unconditionally and irrevocably pledge all of their respective equity interests in QC Digital to WFOE as collateral security for securing the performance of their obligations under the Contractual Arrangements or for any and all of the secured indebtedness under the Contractual Arrangements. During the pledge period, WFOE is entitled to receive any dividends arising from the equity interests in QC Digital held by the Registered Shareholders.

The Equity Pledge Agreement came into effect upon execution and shall remain valid until after all the contractual obligations of the Registered Shareholders and QC Digital under the Contractual Arrangements have been fully performed and all the secured indebtedness of the Registered Shareholders and QC Digital under the Contractual Arrangements have been fully settled. The Registered Shareholders should complete the registration with the relevant administration for market regulation in accordance with the Equity Pledge Agreement.

Voting Rights Proxy Agreement and Powers of Attorney

The Registered Shareholders, WFOE and QC Digital entered into the voting rights proxy agreement (the “**Voting Rights Proxy Agreement**”) on May 26, 2021, pursuant to which, each of the Registered Shareholder agreed to enter into a power of attorney respectively (the “**Powers of Attorney**”) through which each of the Registered Shareholders shall agree to irrevocably appointed WFOE or its appointees as their exclusive agents to act on their behalf to exercise all of their respective rights as the shareholder of QC Digital in accordance with applicable laws and the articles of association of QC Digital. These rights include, among other things, the rights (i) to propose, convene and attend shareholders’ meetings of QC Digital, and sign shareholders’ meeting minutes, resolutions and other relevant documents in the capacity of a proxy of the Registered Shareholders; (ii) to exercise the voting rights on behalf of the Registered Shareholder on all the resolutions which shall be approved at shareholders’ meeting, including but not limited to (a) the election and appointment of directors and other senior management of QC Digital who should be appointed or removed by the shareholders of QC Digital; (b) the sale, transfer, pledge or disposal of any or all equity interests or assets of QC Digital; (c) the decision on the increase or decrease QC Digital’s registered capital, and merger, division, dissolution or liquidation of QC Digital; and (d) the amendments to the articles of association of QC Digital; (iii) to submit any required document to relevant government authorities; (iv) to sign or submit any required document to any company registry or other authorities; (v) to designate or appoint and remove the legal representative, directors, supervisors and other senior management of QC Digital who should be appointed and removed by the shareholders of QC Digital; and (vi) the right to exercise any other rights of shareholders pursuant to PRC laws and the articles of association of QC Digital.

The Voting Rights Proxy Agreement shall remain effective unless (i) when it is legally permissible for WFOE to hold equity interests directly or indirectly in QC Digital and WFOE or its appointee(s) is registered to be the sole shareholder of QC Digital; or (ii) terminated in writing by WFOE thirty days in advance.



Spouse Undertakings

The spouse of each of the relevant individual shareholders, where applicable, has signed an undertaking (the “**Spouse Undertakings**”) to the effect that (i) the spouse has full knowledge of and unconditionally and irrevocably consents to the entering into of the Contractual Arrangements (as amended from time to time) among the respective relevant individual shareholders, WFOE and QC Digital; (ii) the spouse shall be bound by the Contractual Arrangements (as amended by QC Digital from time to time) and take all necessary actions to ensure the appropriate implementation of the Contractual Arrangements; (iii) the spouse has no direct right to or interest in such interests of the relevant individual shareholder and will not have any claim on such interests; and (iv) in the event that the spouse of the relevant individual shareholders holds the interests in QC Digital, such spouse shall enter into a series of agreements which are similar to the Contractual Arrangements with WFOE and QC Digital as requested by WFOE.

Reasons for adopting the Contractual Arrangement

Our principal business, being the publication and operation of games through mobile apps and websites, falls within the scope of both (i) internet cultural business, which according to the Negative List foreign investments are prohibited to operate; and (ii) “value-added telecommunication service” under the Telecommunications Regulations (《電信條例》), where foreign investors are not allowed to hold more than 50% equity interests in any enterprise conducting such business. In view of the aforementioned PRC regulatory background, we determined that it was not viable for our Company to hold our PRC Consolidated Affiliated Entities directly through equity ownership. For further details of the foreign investment restrictions relating to the Contractual Arrangements, please refer to the section headed “Contractual Arrangements” of the Prospectus.

Risks relating to the Contractual Arrangements

There are certain risks that are associated with the Contractual Arrangements, including:

- If the PRC government finds that our Contractual Arrangements are not in compliance with applicable PRC laws and regulations, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our PRC Consolidated Affiliated Entities.
- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. QC Digital or its shareholders may fail to perform their obligations under our Contractual Arrangements.
- Any failure by QC Digital or its shareholders to perform their obligations under our Contractual Arrangements would have a material adverse effect on our business.
- Substantial uncertainties exist with respect to the interpretation and implementation of the FIL and how it may impact the viability of our current corporate structure, corporate governance and business operations.



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- We may lose the ability to use and enjoy assets held by any of our PRC Consolidated Affiliated Entities that are material to our business operations if it goes bankrupt or becomes subject to a dissolution or liquidation proceeding.
- Certain terms of the Contractual Arrangements may not be enforceable under PRC laws.
- The shareholders of QC Digital may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.
- If we exercise the option to acquire equity ownership and assets of QC Digital, the ownership or asset transfer may subject us to substantial costs.
- We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.
- PRC regulation of loans to and direct investments in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans to our PRC subsidiaries and PRC Consolidated Affiliated Entities, or making additional capital contributions to our wholly foreign-owned subsidiaries in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.
- The Contractual Arrangements may subject us to scrutiny by PRC tax authorities and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

For further details of these risks, please refer to the section headed “Risk Factors – Risks Related to Our Contractual Arrangements” of the Prospectus.

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- (i) major issues arising from the implementation of and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion as and when they arise;
- (ii) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (iii) our Company will disclose the overall performance of and compliance with the Contractual Arrangements in our annual reports; and



- (iv) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of WFOE and our PRC Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

- i. the transactions carried out during the year ended December 31, 2024 had been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- ii. no dividends or other distributions had been made by our PRC Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group;
- iii. the Contractual Arrangements are on normal commercial terms and are fair and reasonable, and in the interest of our Company and its Shareholders as a whole (so far as our Group is concerned).

Our Auditor has confirmed in a letter to our Board that the transactions under the Contractual Arrangements have been approved by our Board, the transactions carried out during the year ended December 31, 2024 had been entered into in accordance with the relevant provisions of the Contractual Arrangements, and that no dividends or other distributions had been made by our PRC Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period (including sale of treasury shares). As of the end of the Reporting Period, no treasury shares were held by the Company.

MATERIAL LITIGATION

During the Reporting Period, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

USE OF NET PROCEEDS FROM LISTING

The shares of the Company were listed on the Stock Exchange on December 16, 2021. The net proceeds received from the Global Offering (taking into account the partial exercise of the over-allotment option and after deducting the underwriting fees and commission and other estimated expenses payable by the Company in connection with the Global Offering) was approximately HK\$925.8 million.



REPORT OF THE DIRECTORS

The table below sets out the planned usage of the net proceeds from the Global Offering and actual usage up to December 31, 2024:

Use of proceeds	Net proceeds from the Global Offering (after taking into account the partial exercise of the over-allotment option) (HK\$ million)	Utilized amount up to December 31, 2023 (HK\$ million)	Amount utilized during the Reporting Period (HK\$ million)	Utilized amount up to December 31, 2024 (HK\$ million)	Unutilized amount up to December 31, 2024 (HK\$ million)	Expected timeline for fully utilizing the unutilized amount ⁽¹⁾
For expanding our game portfolio and invest in our game R&D capabilities and related technologies	324.0	253.6	55.2	308.8	15.2	By December 2025
For expanding our business in the overseas markets	231.4	231.4	–	231.4	–	N/A
For strengthening our game publication and operation capabilities in China's mobile game market and the market recognition of our "QingCi" brand and our IPs	138.9	107.3	9.1	116.4	22.5	By December 2025
For pursuing strategic investments in and acquisitions of upstream and downstream companies along the mobile game industry chain	138.9	115.3	23.6	138.9	–	N/A
For working capital and general corporate purposes	92.6	92.6	–	92.6	–	N/A
Total	925.8	800.2	87.8	888.0	37.8	

Note:

- (1) The expected timeline for utilization of the unutilized proceeds disclosed above is based on the best estimation from the Board in accordance with latest information as at the date of this report.



SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained the prescribed minimum public float under the Listing Rules.

AUDIT COMMITTEE

The Audit Committee, comprising all the independent non-executive Directors, has reviewed the results of the Group for the year ended December 31, 2024 together with the Group's auditor, BDO Limited, and has discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

INDEPENDENT AUDITOR

PricewaterhouseCoopers ("PwC") has resigned as the auditor of the Company with effect from November 29, 2024. BDO Limited as the new auditor of the Company was appointed with effect from November 29, 2024 to fill the casual vacancy arising from the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company. Details of the change of auditor were set out in the announcement of the Company dated November 29, 2024. Save as disclosed above, there were no other changes in auditor of the Group during the past three years.

The consolidated financial statements of the Group for the year ended December 31, 2024 have been audited by BDO Limited. A resolution for the re-appointment of BDO Limited as the auditor of the Company will be proposed at the Annual General Meeting.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Group after December 31, 2024 and up to the date of this report.

For and on behalf of the Board

Qingci Games Inc.

Liu Siming

Executive Director

Hong Kong, March 27, 2025



Biographies of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. YANG Xu (楊煦), aged 44, is the founder and the president of the Group and was appointed as an executive Director and chairman of our Board on June 19, 2021. He is primarily responsible for the overall strategic planning and research and development of the Group.

Mr. Yang has been deeply involved in the game industry for more than 17 years. Mr. Yang founded our Group in March 2012, he had been the general manager until August 2019, and since then, he has been the president of our Group. Prior to founding the Company, Mr. Yang served as a producer of G-bits Network Technology (Xiamen) Co., Ltd., which is an online game and web game developer in China, during the period from December 2005 to August 2012.

Mr. HUANG Zhiqiang (黃智強), aged 42, is the chief executive officer of the Group and was appointed as an executive Director on March 12, 2021. Mr. Huang is primarily responsible for the management and development of our Group's business.

Mr. Huang served as the chief operating officer when he joined the Group in March 2012. Subsequently, he has been the chief executive officer since September 2019. Before joining our Group, he worked as a project manager of Sichuan Shengpu Information Technology Co., Ltd. from August 2005 to February 2012.

Mr. Huang graduated from the Chengdu University (成都大學) in July 2002 with a bachelor's degree in e-commerce.

Mr. LIU Siming (劉斯銘), aged 44, is the chief financial officer of the Group and was appointed as an executive Director on June 19, 2021. Mr. Liu is mainly responsible for the planning and management of finance and capital market activities of our Group.

Mr. Liu has been the chief financial officer since he joined our Group in February 2021. Before joining our Group, Mr. Liu served in various positions at Jinko Group. From 2018 to February 2021, Mr. Liu was the vice president of Jinko Power Technology Co Ltd. Prior to that, he was the investor relationship director of JinkoSolar Holding Co., Ltd. from December 2011 to October 2018, and responsible for investor relation matters. Mr. Liu also served as the secretary of the board of Jinko Power Technology Co Ltd. between July 2020 and February 2021. Prior to joining JinkoSolar Holding Co., Ltd., Mr. Liu also worked in the financial risk management department of KPMG LLP's Houston office since 2008 and subsequently in the financial advisory service department of the Beijing Branch of Deloitte & Touche Financial Advisory Services Limited.

Mr. Liu received his bachelor's degree in computer science and technology and master's degree in management science and engineering from the Beijing Institute of Technology (北京理工大學) in July 2003 and in March 2006, respectively. He also obtained the master of business administration degree from Baylor University in December 2007.



Mr. ZENG Xiangshuo (曾祥碩), aged 42, is the chief operating officer of the Group and was appointed as an executive Director on June 19, 2021. Mr. Zeng is primarily responsible for the investment, marketing channels and oversea business of our Group.

Mr. Zeng currently serves as the chief operating officer of our Group since August 2019. Previously, he was the deputy manager of our Group from February 2014 to August 2019. Prior to joining our Group, Mr. Zeng worked at Sichuan Hongxin Software Co., Ltd. from June 2011 to February 2014. Mr. Zeng was an account manager of Chengdu Lingrui Zhitong Technology Co., Ltd. from October 2010 to June 2011. He also worked as a sales manager at Sichuan Shengpu Information Technology Co., Ltd. from November 2006 to September 2010. Before that, Mr. Zeng served in the IT department of Chengdu Yinhe Magnet Co., Ltd. from July 2005 to November 2006.

Mr. Zeng obtained his bachelor's degree with a major in computer science and technology from Xihua University (西華大學) in June 2005.

Independent Non-executive Directors

Professor LAM Sing Kwong Simon (林誠光), aged 66, was appointed as an independent non-executive Director since Listing Date. He is primarily responsible for supervising and providing independent judgment to our Board.

Professor Lam is the Professor of Management and Strategy at the Faculty of Business and Economics, The University of Hong Kong. He was also Head of the Faculty's Management and Strategy Area, Director of the Centre of Asian Entrepreneurship and Business Values, Associate Dean of the Faculty of Business and Economics and Ian Davies Endowed Professor in Ethics at the University of Hong Kong. Before joining the University of Hong Kong, Professor Lam had worked as a management consultant and as a regional manager for a bank. He has gained extensive experience in the area of corporate governance, strategy development and corporate finance.

Professor Lam was the independent non-executive director of Sinomax Group Ltd. (01418.HK) from March 2014 to June 2023. Professor Lam is also the independent non-executive director of Overseas Chinese Town (Asia) Holdings Limited (03366.HK), Jacobson Pharma Corporation Limited (02633.HK), and Kwan On Holdings Limited (01559.HK).

Professor Lam received a doctorate degree in commerce from the Australian National University in April 1996.

Mr. YUAN Yuan (袁淵), aged 41, has about 13 years of experience in the finance and securities industry. Mr. Yuan worked at the China Securities Regulatory Commission as a postdoctoral researcher from May 2012 to March 2016. From March 2016 to July 2017, he worked at Soochow Securities Co., Ltd., serving simultaneously as the chief strategist, the executive deputy director of the research department, and a member of the internal verification committee. Subsequently, he worked at Huafu Securities Co., Ltd., serving simultaneously as the managing director, the deputy head of the investment banking business committee, and the general manager of the equities investment banking division from July 2017 to May 2020. Mr. Yuan has served as the managing director of Zhong De Securities Company Limited since May 2020.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yuan obtained a doctorate degree in accountancy from the Shanghai University of Finance and Economics in 2012 and engaged in postdoctoral research in applied economics in Tsinghua University, he possesses the relevant expertise required under Rule 3.10(2) of the Listing Rules.

Mr. Yuan is currently an independent non-executive director of China New City Group Limited (formerly known as China New City Commercial Development Limited) (01321.HK) and an independent director of Xinjiang Daqo New Energy Co., Ltd. (688303.SH) and Jiangsu Suzhou Rural Commercial Bank Co., Ltd. (603323.SH). Mr. Yuan was the independent director of Leo Group Co., Ltd. (002131.SZ) from March 2021 to April 2024. Mr. Yuan is currently a columnist for Hong Kong Ta Kung Pao.

Ms. FANG Weijin (方燁瑾), aged 40, is our independent non-executive Director since Listing Date. She is mainly responsible for supervising and providing independent judgment to our Board.

Ms. Fang is currently working as senior vice president, chief human resource officer of Fosun Tourism Group, since she joined in November 2020, where she also serves as Fosun global partner and co-chief human resources officer of Fosun Happiness Industry Operation Committee* (復星大快樂產業運營委員會). From April 2017 to October 2020, she has served several positions at Fosun International Limited. Before joining Fosun International Limited, Ms. Fang worked at KPMG China, Shanghai from July 2007 to April 2017 and was a senior manager at the time when she departed from KPMG China.

Ms. Fang obtained her bachelor's degrees in international economics and trade and in business from Shanghai University (上海大學) and from University of Technology Sydney, respectively, in July 2007. Ms. Fang was also qualified as a project management professional by the Project Management Institute in December 2014.

SENIOR MANAGEMENT

Mr. YANG Xu (楊煦), aged 44, is the founder and the president of the Group and was appointed as a senior management of the Group in August 2019. For further details, please refer to the paragraph headed "Executive Directors" in this section.

Mr. HUANG Zhiqiang (黃智強), aged 42, is the chief executive officer of the Group and was appointed as a senior management of the Group in August 2019. For further details, please refer to the paragraph headed "Executive Directors" in this section.

Mr. LIU Siming (劉斯銘), aged 44, is the chief financial officer of the Group and was appointed as a senior management of the Group in February 2021. For further details, please refer to the paragraph headed "Executive Directors" in this section.

Mr. ZENG Xiangshuo (曾祥碩), aged 42, is the chief operating officer of the Group and was appointed as a senior management of the Group in August 2019. For further details, please refer to the paragraph headed "Executive Directors" in this section.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. WEI Shumu (魏樹木), aged 43, has been appointed as the chief technology officer of the Group in August 2019. He is primarily responsible for overseeing the current technology and formulating the relevant policy of our Group.

Prior to joining the Group, Mr. Wei had served as a program director in G-bits Network Technology (Xiamen) Co., Ltd. from August 2007 to August 2012. Previously, from August 2005 to March 2006, he worked as a developmental engineer in Tencent Technology (Shenzhen) Co., Ltd.

Mr. Wei received his bachelor's degrees in mathematics and applied mathematics as well as computer science and technology, respectively, from Wuhan University (武漢大學) in June 2004.

Each of our senior management members has confirmed that he or she does not and has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately prior to the Latest Practicable Date.

CHANGE IN INFORMATION OF DIRECTORS

Save as disclosed above, as of December 31, 2024, there has been no change to the information of the Directors subject to disclosure under Rule 13.51B(1) of the Listing Rules.



Environmental, Social and Governance Report

ABOUT THE REPORT

Qingci Games Inc. (the “Company”, stock code: 6633) sincerely issues the Environmental, Social and Governance Report (hereinafter referred to as “ESG Report”, or the “Report”) to disclose the Group’s strategies, performance, and vision on ESG to stakeholders.

SCOPE OF REPORT

The Report covers the period from 1 January 2024 to 31 December 2024 (the “reporting period”), in consistency with the financial year period covered by the Group’s annual report.

Unless otherwise specified, the disclosure of environmental and social aspects in the Report covers main operating entities of the Group (collectively referred to as “Qingci”, “the Group” or “We”) in China, namely offices in Xiamen and Chengdu.

REPORTING STANDARDS AND PRINCIPLES

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) in Appendix C2 to the Listing Rules of the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). It is suggested that the content related to corporate governance in the Report be read together with the corporate governance report contained in the annual report. This Report is prepared in accordance with the following reporting principles required in the ESG Guide:

- “Materiality”: Key stakeholders were identified and key ESG topics were determined through stakeholder engagement and materiality assessment in the course of the Report preparation.
- “Quantification”: The Report uses quantitative data to present key performance indicators at the environmental and social aspects, explaining its purpose and impacts.
- “Consistency”: The Report adopts a consistent disclosure methodology with the Environmental, Social and Governance Report 2023.
- “Balance”: The Report follows the principle of “Balance” and objectively demonstrates the Group’s ESG performance.



DATA SOURCE AND RELIABILITY STATEMENT

The information disclosed in the Report comes from the original data of the actual operation of the Group, annual financial data, relevant internal statistical statements, administrative documents and reports, etc. Unless otherwise specified, all monetary amounts quoted in the Report are shown in Renminbi ("RMB"). In case of any inconsistency with the financial report, the financial report shall prevail. The Group confirms that there are no false statements, misleading statements or major omissions in the Report, and is responsible for the authenticity, accuracy and completeness of its content.

REPORT FORM

The Report is available in traditional Chinese and English. The electronic version of the Report is available on the website of the Stock Exchange (<http://www.hkexnews.hk>) and our website (<https://www.qcplay.com/>).

CONFIRMATION AND APPROVAL

The management team of the Company has confirmed to the Board of Directors that the Group's risk management and internal monitoring system related to environmental, social and governance (hereinafter referred to as "ESG") is effective for the year ended 31 December 2024. The Report was approved at the board meeting held on March 27, 2025.

CONTACT US

We encourage all stakeholders to provide opinions and make suggestions on the Group's ESG report and performance. You are welcomed to contact us in the following ways:

Address: No. 4, Wanghai Road, Software Park Phase II, Xiamen, Fujian, 361008
Email: ir@qcplay.com

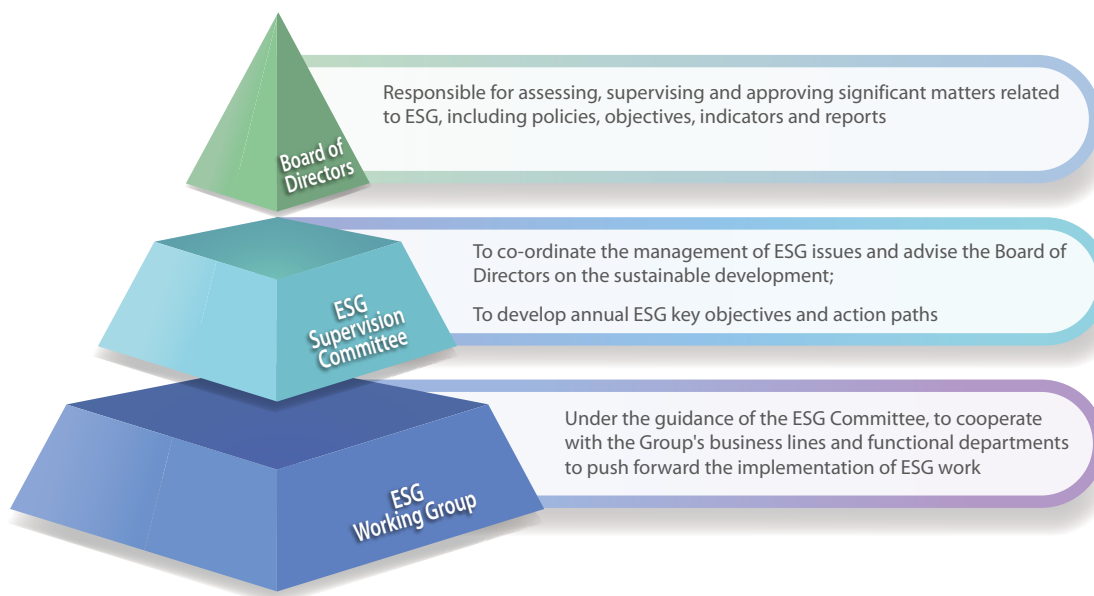


1. ESG MANAGEMENT

1.1. ESG management











Qingci Games Inc. strictly complies with the legal and regulatory requirements of the countries/regions where we operate, and has established a scientific and efficient governance mechanism with distinct responsibilities. The Company acknowledges and firmly believes in the benefits from diversity of the Board of Directors. The nomination and appointment of board candidates will be based on a range of diverse perspectives, including but not limited to gender, age, industry experience, professional background, educational and cultural background. For details of responsibility scope and corporate governance of the Company's committees, please refer to Corporate Governance section of the Company's Annual Report.

We are deeply aware of the importance of bolstering environment and social benefits for sustainable operation. We have also incorporated ESG-related risks and opportunities into our business strategy to guide our day-to-day operations. Under the Board of Directors, we set up the ESG Supervision Committee, which is composed of the Chief Executive Officer, Chief Operating Officer, Head of Law, Head of Human Resources, Head of Administration and other senior management representatives, to manage ESG affairs in concert, while reporting to the Board of Directors regularly. At the same time, we have formulated the ESG policy, which sets out key ESG objectives and responsibilities.



1.2. ESG vision

The Group has formulated an ESG vision centred on “becoming a gaming company recognized both domestically and internationally for its leading ESG practices”, with the “4S” pillars as the cornerstone, focusing on four key areas: Sustainable Responsibility, Sustainable Environment, Sustainable Relationships, and Sustainable Giving. Within each of these areas, we have set focus issues and related targets based on the actual situation of the Company, and have been actively taking actions. The Group’s ESG strategy is aligned with the United Nations Sustainable Development Goals (“UN SDGs”), and under the guidance of the Board of Directors and the ESG Supervision Committee, and with the active participation of all stakeholders, we continue to advance the pace of sustainable development.

QC Games ESG Vision				
Become a gaming company recognised domestically and internationally for its leading ESG practices				
“4S” Pillars	Sustainable Responsibility	Sustainable Environment	Sustainable Relationships	Sustainable Giving
Focuses	Healthy games	Reduce emissions and energy conservation	Talent employment	Carrying out public welfare activities
	Information security	Green office	Employee care	Innovative public welfare activities promotion
	Privacy protection		Training and development	
	Business ethics	Responding to climate change		
Objectives	<ul style="list-style-type: none">Continuously optimise the game experience and actively pay attention to players’ needsStrictly comply with the policy of anti-addiction requirements of games for minors and create a healthy gaming environmentStrengthen information security management and strictly guard user privacyUpholding the Code of Business Ethics and enhancing compliance awareness	<ul style="list-style-type: none">Effective control of greenhouse gas emissionsEffective control of power consumption and improvement of power usage efficiencyEffective control of water consumption and improved water use efficiency100% compliant disposal of non-hazardous waste by 2030	<ul style="list-style-type: none">Provide career development and promotion opportunities to encourage personal growth of employeesCreating a diverse and inclusive work environmentFocus on employee health and well-being to increase job satisfaction and loyalty	<ul style="list-style-type: none">Adhering to our philosophy of “gratitude for the source of benefit and reward for the community” to fulfil our corporate social responsibility and contribute to public welfare undertakingsActively explore public welfare cooperation initiatives to create a special public welfare brand of QC Games
Actions	<ul style="list-style-type: none">Actively collecting player feedbackOptimisation and version updates covering the full life cycle of the game, developing diversified game products and expanding global layoutContinuously upgrading the Qingci Parents Accompany Platform and improving the protection mechanism for minorsStrengthening information security infrastructure and improve user privacy protection measuresStrengthening professional ethics training supervision and warning education	<ul style="list-style-type: none">Undertake comprehensive environmental managementUse multiple approach to reduce carbon emissions and energy consumption to lower environmental footprintsDevelop and implement daily energy saving measures in office areasIdentify climate change risks and opportunities and develop relevant response actionsActively promote the concept of sustainable development and enhance green awareness and responsibility	<ul style="list-style-type: none">Organise various staff training courses on a regular basis to promote knowledge dissemination and sharingImprove the staff promotion system and schedule grade promotion from time to timeCarry out diverse staff activities and advocate the combination of work and restImprovement of health and safety standards in the workplace and continuous optimisation of the office environment	<ul style="list-style-type: none">Planning and participating in various online and offline charity eventsUsing the game as a platform of combining charity with recreation, so that players can participate in public welfare undertakings while enjoying the gameWorking with stakeholders to promote multilateral public welfare practices for a better future
UN SDGs		  	  	  



• ESG Highlights

Since 2024, the Group has performed outstandingly in the ESG field and has been repeatedly recognized. This is not only a high commendation for our past efforts, but also fully demonstrates our commitment to promoting sustainable development. Details of the relevant awards are outlined in the table below:

Award Recipient	Award	Issuing Institution
Qingci Games	2023 ESG Rising Star Influential Enterprise	Weibo & 36Kr
Qingci Games	Included in the “2023 Report on the Competitiveness of Enterprises in the Global Mobile Game Market”	Gamma Data
Qingci Games	Included in the “2023-2024 Competitiveness Report of R&D of Game Companies in China”	Gamma Data
Qingci Games	ESG Golden Glory Award- Outstanding Enterprise in ESG Social Responsibility	Guru Club
Qingci Games	Included in the “Report on the Development of New Quality Productivity in China’s Game Industry”	Gamma Data
Qingci Games	Certificate of Donation for the “Pomegranate Seed Plan”	Beijing Yuze Public Welfare Foundation
Qingci Games	Certificate of Excellence	HKIRA
Qingci Games	Included in the “2024 Competitiveness Report of Listed/Non-listed Game Companies in China”	Gamma Data
Qingci Games	2024 China Listed Game Company “White Horse Award”	Gamma Data
Qingci Games	Recognition for ESG Disclosure	Hong Kong ESG Reporting Awards (HERA)
Qingci Games	HONOR-2024 Outstanding Enterprise of the Year in Social Responsibility	Social Responsibility Conference (SRC)



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Award Recipient	Award	Issuing Institution
Qingci Games	2024 ESG Model Enterprise Award	The 14th Philanthropy Festival Organizing Committee/Syobserve.com & Gongyidaily.com
Qingci Games	Best ESG Innovation Award at the Ninth Listed Companies Selection of Zhitong Finance and Economics	Zhitong Finance
Qingci Games	The 6th "Golden Glory Award" – Annual Outstanding Company: Annual Outstanding IR Team	Guru Club
Qingci Games	The 6th "Golden Glory Award" – Annual Outstanding Company: Annual Growth Value Award	Guru Club
Qingci Games	Nominated for the Best ESG Reporting (Small Cap) Award	IR Magazine
Qingci Games	2024 Top 100 CFOs of Overseas Listed Companies – CFO of the Best Investor Relations	2024 CFO Summit of Overseas Listed Companies
Qingci Games	Included in the "Report on the Protection of Minors in China's Game Industry in 2024"	Gamma Data
Qingci Games	2024 Investor Relations Management Award	Snowball
Qingci Games	Best ESG Award	Roadshow China



1.3. Stakeholders communication

We attach great importance to the communication with stakeholders. In this regard, we value their opinions and requirements as an important driving force for the continuous improvement of ESG management. We actively understand and respond to the expectations and demands of stakeholders through a variety of channels. We have identified significant stakeholders that interact with the Group's operations, as shown in the table below.

Stakeholders	Expectations and requirements	Engagement methods	Frequency of engagement
Shareholders or investors	<ul style="list-style-type: none"> • Safeguarding shareholders' interests and rights • Compliance operation and management • Information disclosure • Return on investment 	<ul style="list-style-type: none"> • Shareholder's General Meetings • Announcements (annual reports, circulars and announcements) • Website of the Company and the Hong Kong Stock Exchange • Investors' conferences and roadshows 	Multiple times per month
Government or regulatory authorities	<ul style="list-style-type: none"> • Compliant Operations • Taxation in accordance with law • Social contribution 	<ul style="list-style-type: none"> • Visitor reception • Announcements (annual reports, circulars and announcements) • Supervision and inspection 	Multiple times per month



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

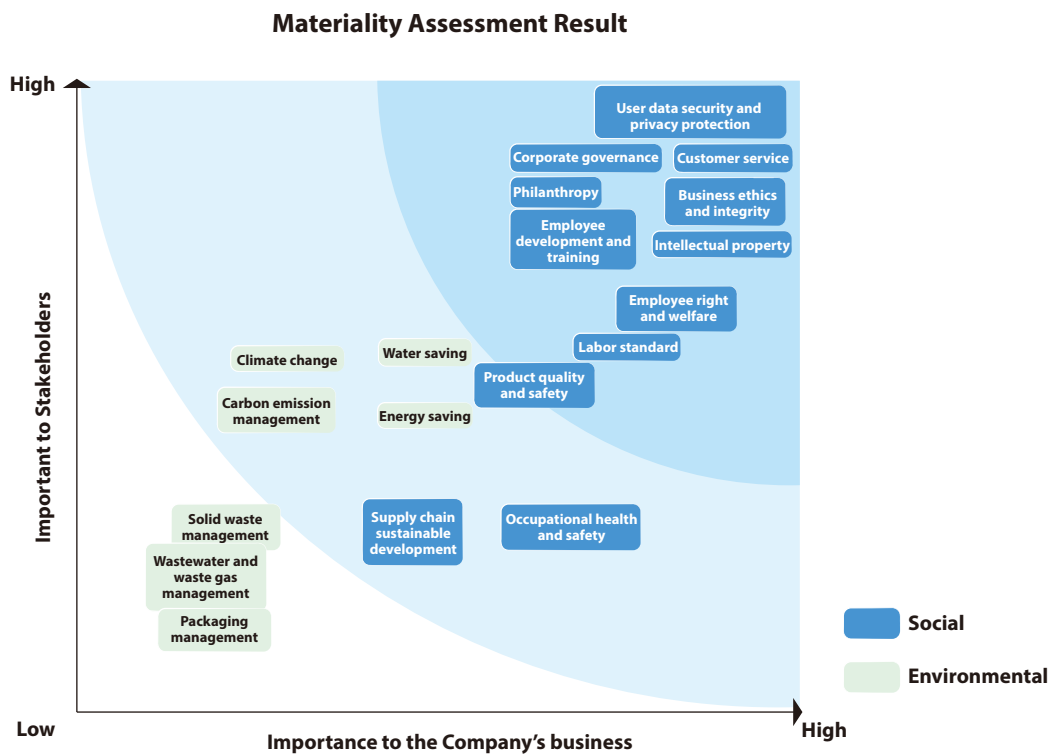
Stakeholders	Expectations and requirements	Engagement methods	Frequency of engagement
Users	<ul style="list-style-type: none"> • User experience • Information security and privacy protection 	<ul style="list-style-type: none"> • User feedback channel • User service agreement • The Company's website and social media interactions 	Multiple times per week
Employees	<ul style="list-style-type: none"> • Safeguarding employees' interests and rights • Health and Safety • Compensation and benefits • Training and development 	<ul style="list-style-type: none"> • Internal office system • Online and offline training activities • Employee satisfaction survey 	Multiple times per month
Suppliers	<ul style="list-style-type: none"> • Open, fair and equal procurement • Business ethics • Mutual benefits and win-win 	<ul style="list-style-type: none"> • Public tendering • Supplier assessment • Field trips • Daily communication 	Multiple times per week
Community	<ul style="list-style-type: none"> • Community involvement • Charitable projects 	<ul style="list-style-type: none"> • Gaming platform • The Company's website and social networking 	Multiple times per year



1.4. Materiality assessment

In order to assess the Group's ESG risks and material ESG issues, understand and respond to the expectations of stakeholders regarding the Group's ESG work, we conducted a materiality assessment during the reporting period through the following steps:

- **Identification of issues:** We sorted out a total of 19 ESG issues in accordance with the requirements of ESG Reporting Guide, and with reference to ESG issues concerned by capital market and best practices of domestic and overseas peers;
- **Questionnaire:** The Group identified significant internal and external stakeholders and invited them to assess the materiality of each issue through questionnaires, which enabled us to understand their opinions and suggestions;
- **Confirmation of results:** We conduct statistics on the questionnaires collected. Based on these questionnaires, we rank the importance of each issue by considering two dimensions: "Importance to the Company's business" and "Importance to stakeholders", and by combining opinions from the Company's management and specialists, the following matrix of significant issues is drawn.



2. RESPONSIBLE OPERATION

2.1. Product responsibilities

The comprehensive guarantee of product quality is our long-standing development concept. The Group conscientiously abides by relevant laws and regulations, strictly circumscribes the platform content, and strives to protect the legitimate rights and interests of users and consumers.

2.1.1. Healthy games

We comply with the requirements of laws and regulations such as the Advertising Law of the PRC, the Interim Measures for the Administration of Internet Advertising, and strictly control the marketing information distributed through varied channels to ensure the compliance of publicity, promotion and external advertising.

- *Protecting minors*

We strictly abide by national laws and regulations and regulatory requirements, including the Administrative Measures of the PRC on Internet Information Services, the Notice of Preventing Minors from Indulging in Online Games by the National Press and Publication Administration, and the Notice of Further Strengthening the Management of Preventing Minors from Indulging in Online Games. We actively adopt various measures to prevent minors from indulging and have implemented the anti-addiction management. In 2024, Qingci Games was again selected as the role model enterprise in the game industry practising minor protection, which was included in the 2024 China Game Industry Progress Report on the Protection of Minors released by the Game Publishers Association Publications Committee (GPC) of The China Audio-video and Digital Publishing Association and Gamma Data.

We have strengthened the requirements for user identity verification and implemented a real-name registration system for online game user accounts. We verify the identity of game players in a strict manner, and effectively restrict and manage the gaming behaviour of underage users, including time limits and payment limits for underage users. We have connected all games released in the Chinese mainland to the real-name registration and game anti-addiction system of the General Administration of Press and Publication.



With strict scrutiny procedures established, when a player registers an account, the identity and name of the player will be checked backstage against those obtained through the interface designated by the authority. Only those who have passed the real-name verification can activate the game. By doing so, underage players trying to log in with adult accounts are identified and prevented.

We strictly abide by the anti-addiction requirements of games in China

- The Real Name Registration System requires players to register with valid identity information, and those who do not will be forbidden to log in to the game
- The consumption limits for minors are implemented in accordance with relevant regulatory guidelines
- Minors under the age of 8 cannot purchase in games
- The cumulative game-playing time for minors is monitored, calculated and limited: Minors can only log in to the games for one hour per day from 8:00 p.m. to 9:00 p.m. on Fridays, Saturdays, Sundays or on national statutory holidays. Once the time limit is exceeded, a prompt will pop up and force the player to log out

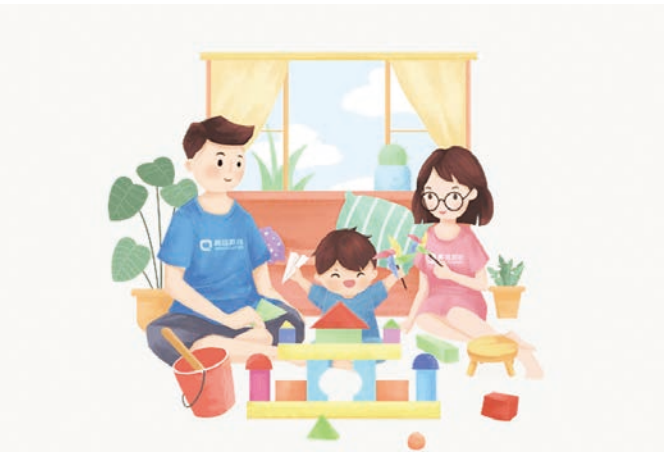
In 2024, we continued to maintain the Qingci Parents Accompany Platform launched last year. A series of monitoring functions in the platform enable parents to understand and manage their children's gaming behaviour in a very in-depth manner, which in turn guides and cultivates their children's healthy gaming habits and effectively prevents or ends addictive gaming behaviour. In addition, we provide convenient customer service channels through multiple platforms, including the game client, the official website and official WeChat account, so that parents can more conveniently and quickly contact the customer service team to convey their requests related to minor protection, and quickly receive instructions and answers to questions about the anti-addiction feature. We are committed to working with parents to create a safer and healthier gaming environment for their children.



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Reasonable game space is granted at Qingci Parents Accompany Platform to minors

- Supervision binding: Parents can register an account for their child using their own ID card and name, and set a guarding scheme
- Warm reminder: Parents may set the platform to notify the game login and logout time in a timely manner so as to manage the game-playing time for minors and prevent game addiction
- Spending, recharge and limit: Parents may check all details about game recharge and spending by minors within 7 days to supervise them in fostering a good consuming habit. They may also disable the game recharge function with a single click
- One-click ban: Parents may set one-click ban on a single game or all games to help minors overcome game addiction
- Multi-account linking management: Parents can link Qingci accounts of multiple children, and can invite other parents to join the family to supervise game behaviours of their children from all aspects



Qingci Parents Accompany Platform



In response to problems related to in-game transaction refund of minors, we have set up a corresponding refund mechanism along with a system to care for minors. Our customer service provides various effective feedback channels for parents to express their requests related to in-game transaction refund of minors. We also have established a minor care segment in the customer service area to handle relevant applications and have professional personnel follow up relevant problems. We will require the refund applicant to present supporting materials such as evidence to prove the relationship with the minor and the spending record of the minor as appropriate while dealing with the application for refund. We will check and review the in-game behaviour of the player backstage through the video. Once the fact that the minor logged in with an adult account is confirmed, we will complete the refund process quickly following the relevant procedures. After completion, we will also suggest the applicant to modify safe payment information as soon as possible and strengthen communication with their children, setting appropriate supervision measures to avoid the recurrence of spending.

We are keen on raising employees' awareness of minor protection and take minor protection as an important consideration in designing and presenting games. Our staff are instructed to be cautious about the impact of our games on minors, and the R&D personnel are required to design game contents and forms that are physically and mentally favourable for minors, adopt positive dialogues and avoid violence and other harmful contents in games. Moreover, we encourage our staff to incorporate educational and popular science knowledge into games, as well as traditional culture, charity and other positive factors into games to guide minors' healthy growth with games and help them build up positive values.

Going forward, we will continue to strictly abide by the anti-addiction policies for minors and constantly improve management measures and feedback process of customer service. In addition, we will focus more on the conception and presentation of game content. We encourage the content or expression that is conducive to physical and psychological health of minors and explore the harmonious integration of traditional culture, public welfare activities and game products to help them build up positive views on the world, life, and values, in a bid to inspire all players, including minors, to find and pursue beauty.



2.1.2. Experience improvement

We attach great importance to players' game experience, actively focus on players' needs, and set up dedicated technical teams to test and adjust the game repeatedly during the R&D and operation stages, to ensure that the game runs smoothly, and pursue the continuous improvement of game quality and playability.

- ***Continuously optimising the gaming experience***

The Group attaches great importance to the optimisation of game experience. The management and game distribution and operation teams are closely involved in the whole game production and testing process. Through comprehensive approaches such as collecting player feedback and analysing player behaviour, the Group manages continuous optimisation and version updates covering the entire life cycle of the game.

Development and release stage

Internal development

- Research industry trends, players' demands and rapidly changing preferences, and feedback on existing games.
- After making a demo version of the game, we conduct internal professional testing. Then the management evaluates and invites external players to try, collect game functions and experience feedback, and further optimise game technical problems.
- The contents of games are extensively modified and optimised based on the game experience, test feedback and performance data at all stages of game development.
- The open beta test (OBT) version is released, with the test server called "the photon server". The update of each new function will be tested in the photon server and the corresponding system is modified based on the test feedback to make sure that there is nothing wrong prior to updating to the official server.
- Test incentive activities will be carried out from time to time in the photon server to encourage players to give feedback on updated content. In this way, we can boost the players' feedback motivation and efficiency for the test server.



	Third-party developer
	<ul style="list-style-type: none">- After getting the demo version of the game from third-party developers, we will assign a dedicated team to optimise the game and conduct several rounds of testing and evaluation to enhance the quality of the game and improve the player experience.
Operation stage	<ul style="list-style-type: none">- Timely detect and repair technical problems and regularly update the game.- Use data analysis tools to monitor and analyse game performance, player feedback and player behaviour data.- Conduct data analysis and summary on updated content on a regular basis, compare the objective effect of system update and make pertinent improvements.- Encourage players to actively post and give feedback through interaction and exchange mechanisms in the game such as developer email with comments, so that all players can participate and help us determine the subsequent development and optimisation direction.- Continuously develop optimised game versions with new settings, features, contents and functions.

To enhance the quality and efficiency of content development and ensure the quality of game content updates, we made two updates to the task development process in 2024.

Firstly, we upgraded the task management system. Given its central role in the development process, we conducted a comprehensive optimization of the existing system to improve development efficiency. The new system makes it easier to write task requirements and solutions, and its visualisation feature greatly reduces the reading burden on task developers and validators.



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Secondly, building on last year's improved product development process for project management, we have consolidated our development experience and further refined the quality control measures in product development. Specifically, we have added a new auditor field in the task management process, which is the "effectiveness review" stage between the mentor check and the final acceptance. This mandatory process ensures the consistency between the task effect and the requirements. The task initiator or the mentor of the task initiator checks and evaluates the final execution of the task, confirming that the task not only meets the requirements in terms of code logic but also reaches the design standards in terms of performance effect.



Project Management Process

We always focus on improving the player experience and constantly optimise the product review process. First of all, we find out the problem resulting in a frustrating experience through detailed tests and feedback from players. Then, we will align the problem of player experience with specific game design from six perspectives such as interface, reminder and number, and conduct in-depth exchange and discussion on the solution. Once the solution is confirmed, we will put ideas from discussion into action and solve the problem. Finally, we will evaluate the solution to ensure its effectiveness and feasibility. In addition, we will promote its implementation to put product improvement into practice so as to constantly optimise game experience for players. After the experience is improved, we will conduct an assessment through collecting feedback from the players to verify whether the original problem has been solved effectively. Through such a complete and systematic product review process, we can improve our product quality and competitiveness to the utmost extent before product update and strive to deliver better and smoother experiences for players.



Product Review Process

Meanwhile, we have actively implemented AI technology in game development, testing, marketing, operation and maintenance, and localisation, covering aspects such as art support, code generation, testing, marketing, operation and maintenance, and localisation. This not only greatly improves production efficiency and content quality, but also effectively reduces the workload. However, core content creation remains our top priority, and AI serves as an auxiliary tool to help us reduce costs, increase efficiency and improve product quality.



- *Globalization*

When launching our games overseas, we emphasize localization details and adopt key measures to enhance the quality of content in minor languages. Firstly, we actively involve local players in the localization process. Leveraging their deep understanding of native culture and linguistic proficiency, they accurately capture the idiomatic expressions for terminology and proper nouns, infusing the games with vibrant local cultural elements. Secondly, we have increased the use of localization development tools. By leveraging the features of these automated tools, we have significantly improved localization efficiency and accuracy, while substantially reducing labor costs and translation error rates. This ensures that our games can deliver exceptional quality across different linguistic environments.

We also carry out localized custom development, creating dialogue between characters in the local language to better match the communication habits and cultural background of local players, while introducing local art design, user interface and pop culture elements, such as adapting festivals and events to local characteristics, creating character images with more regional flavors, and designing art resources rich in local cultural connotations. These efforts strengthen the localised immersion of the game in all aspects, so that players can feel the strong local cultural atmosphere during the game experience.

In the Japanese market, we conducted an in-depth analysis of domestic and overseas distribution methods, and after extensive study and optimization, we successfully launched the game “The Marvelous Snail”, which was highly acclaimed in the market thanks to our precise localisation strategy and high-quality game content. This successful case not only proved the effectiveness of our localisation strategy, but also attracted many high-potential products to cooperate with us for overseas distribution, converting the Company’s potential advantages into core competitiveness.

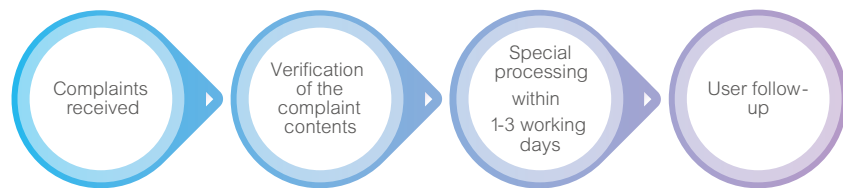
Qingci Games’ globalization has yielded great results, with multiple products successfully launched in countries and regions such as Thailand, the United States, Canada, and Australia. Within the reporting period, German, French, Spanish, Portuguese, and Italian versions of the flagship product “The Marvelous Snail” were available, covering a larger market in Southeast Asia and Europe. This strategy not only expands the Group’s market space, but also demonstrates our quality, strength, and influence in the global gaming market, laying a solid foundation for future development.

Customer communication and satisfaction management

We strictly comply with laws and regulations such as the Consumer Rights and Interests Protection Law of the PRC and formulate and implement the Operation Procedures on Customer Satisfaction Survey. We fully understand the demands of players, collect their opinions in a timely manner, and guarantee the legitimate rights and interests of consumers.



We provide continuous customer service to our players. Player service representatives provide 24/7 online customer service in multiple languages and aim to respond to player queries and complaints, fix technical issues, and provide advice on other game-related issues such as gameplay and account maintenance in a standard process. Players can contact a player service representative through a variety of channels, including online customer service, WeChat, e-mail, and in-game inquiry system. For overseas users of Global Package projects, we provide mailboxes where users can provide feedback on issues and communicate with us to promote the localisation of the game. We require our player service representatives to respond to players within a few minutes, and resolve any special issues within 1–3 days.¹



We focus on managing and improving the quality of our services to provide our customers with the best possible service experience and service quality. In 2024, the Group handled a total of 321,503 pieces of user feedback (Note: The feedback data is Total Number of Visits), and the relative satisfaction of users with the service reception reached 91.60%. Throughout the year, a total of 214 complaints were received, all of which were handled or closed.

2.2. Information security and privacy protection

2.2.1. Information security management

We strictly abide by the rules and regulations regarding privacy protection and information security of the countries/regions where we operate, such as the Cybersecurity Law of the PRC, the Information Security and Access Management Policy. Meanwhile, we formulate internal Information Security Management Policy to enhance the protection of information safety and user privacy, covering security policy system, security management system, security technology system, security risk assessment, and security training.

In order to solidify the information security infrastructure, we have established the Information Security Leading Group as the highest regulatory organ for the Group's information security management to be responsible for reviewing and formulating the Group's development strategy, planning, policy and management system for information security. We have also set up an office under the Leading Group to take charge of day-to-day security management.

¹ For players who contact us through online customer service, Wechat public accounts, and other channels, our player service representatives can respond swiftly within a few minutes. For players contacting us via email, we ensure to reply within 1 to 3 working days, guaranteeing that the needs of every player are properly addressed.



We have formulated internal management policies such as the Regulations on the Information Security for Internal Personnel. We have also established security and protection measures in varied segments such as data collection, storage, display, processing, use and destruction from the perspective of the life cycle of data. We adopt different control measures based on the level of information sensitivity, including but not limited to access control, SSL encrypted transmission, and sensitive information desensitisation display. We designate special personnel in charge of data management and protection and conduct regular internal inspection on data security. Our database is accessed through internal network, and external links will be blocked to ensure data is only used and transmitted through internal network to avoid data leakage. We have also strictly managed employees who may be exposed to user information and established an approval mechanism for significant operations such as data access, desensitisation and decryption. We attach great importance to data backup and establish comprehensive systems and process specifications for backup strategy principles, backup process, and backup media and computer room management. We make a full backup of the data once a day and an incremental backup on a regular basis to avoid data loss.

We encrypt the player's personal data stored on cloud servers provided by third-party suppliers, set up cloud and external firewalls for games, and conduct regular security testing. In addition, we require business partners (e.g., third-party payment channels) to protect the confidentiality of data and not to damage, hide or allow unauthorised access to data, and we only share player behaviour data of imported licensed games with third-party game developers.

We attach importance to enhancing security awareness and competence of employees, and formulate the Management Measures for Personnel Safety Awareness Education and Positional Skills Training. We organise security education and training on a quarterly basis, including information security basics and positional operation procedures. The Group's legal team is responsible for providing training and regulatory updates to directors, senior management and other employees. To strengthen emergency response to security incidents, we have formulated the Emergency Exercise Plan and organised information security incident emergency drills for various departments throughout the Company.

- ***Internet security protection***

We focus on strengthening the construction of online civilization, actively creating a green and healthy game environment. Any content that is seductive, fraudulent, or has an adverse effect on minors, as well as other violations, is prohibited in our games. For in-game players' views, we have a review system in place that employs a machine + manual approach to monitor and deal with non-compliant or suspected non-compliant content, including withdrawing messages, banning and warning, suspending or closing accounts, and reporting to relevant authorities.



2.2.2. Privacy protection

Privacy protection for players and users has always been the core and initial concern of our work. We strictly abide by the laws and regulations such as the Data Security Law of the PRC and the Personal Information Protection Law of the PRC and have formulated the Privacy Policy of Qingci Games and the User Agreement of Qingci Games, which specifies the scope and rules of collection, disclosure, and protection measures for users’ personal information, and enable users to access, correct and delete personal information, so as to protect the privacy of users from infringement.

Privacy protection	
Informed consent	<ul style="list-style-type: none">We fully notify players of how we collect and use player data: We require players to read the data privacy policy applicable to their respective regions and complete the consent form before registering and playing the game
Security guarantee	<ul style="list-style-type: none">We customise access permissions based on employee qualifications and department functions, and only authorised employees have access to player data within a limited period of timeWe have entered into confidentiality agreement with both partners and employees, and if either side fails or both fail to fulfil the information protection obligation, we will terminate the partnership or employment and reserve all rights to take legal actions in extreme cases
Data protection	<ul style="list-style-type: none">We encrypt player data stored in the system and set up cloud and external firewalls for gamesDe-identification of player behaviour data (e.g. records of playing games and purchasing virtual props in games) is used prior to internal analysisWe make algorithmic encryption and ciphertext storage for user passwordsWe limit the number of incorrectly typed passwords and the retry count to prevent passwords from being decryptedReversible ciphertext is used to encrypt ID card information, and the ID card data is split for storage



2.3. Protection of intellectual property rights

We strictly abide by the Copyright Law of the PRC, the Trademark Law of the PRC, the Patent Law of the PRC, and the Measures for the Administration of Software Products of the PRC and other laws and regulations. The Group establishes the intellectual property management paradigm and continues to standardise and deepen our intellectual property protection efforts.

The Group's Legal Department, which is the responsible entity for intellectual property management, takes charge of managing intellectual property rights involved in business activities with internal and external related parties. For this reason, the Legal Department has established a corresponding management scheme and workflow for in-house R&D IP promotion, external IP collaboration, trademark, patent and copyright application, etc.

In-house R&D IP

We safeguard the confidentiality of commercial secrets through measures such as signing the Confidentiality and Intellectual Property Agreement and relevant technical means in the R&D process;

In the phase of finalising, preparing and publicising of projects, the Legal Department conducts time stamping and related intellectual property applications as needed in accordance with the statutory standard process.



External IP

When we interact with existing external IP, we will sign an agreement to add new game characters, new props, new activities, publicity pictures and animations. In 2024, we collaborated with three external IPs, including famous mountains and rivers as well as cultural museums, to enhance the cultural expression within our game.



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While improving our own intellectual property protection system, we also leverage the value and influence of our own intellectual property rights to pursue high-quality intellectual property results in the development of high-quality games. We are also concerned about the creation of copyright value in the process of distribution and promotion, and take various measures to encourage our staff to create IP. Our R&D and innovation capabilities and achievements have been recognised by many parties.

Award Recipient	Award	Issuing Institution
Qingci Games	National Key Enterprise for Cultural Export in 2023-2024	Department of Trade in Services and Commercial Services, Ministry of Commerce of the People's Republic of China
Qingci Games	High-tech Enterprise Certificate	Xiamen Science and Technology Bureau, Xiamen Finance Bureau, Xiamen Tax Service of State Taxation Administration and Fujian Xiamen Local Taxation Bureau
Qingci Games	2024 Xiamen Key Software and Information Technology Service Enterprise	Bureau of Industry and Information Technology of Xiamen, Xiamen Big Data Administration Bureau
Qingci Games	Ultra-Large Taxpayer with Over RMB 20 Million in Tax Paid for the Year 2023	People's Government of Siming District, Xiamen City
Qingci Games	Economic and Social Development Contribution Award – Certificate of Honour	Siming District Binhai Sub-district Office/Binhai Sub-district Party Committee
Qingci Games	Key Tax-paying Enterprises of 2023	Xiamen Torch High-tech Industrial Development Zone Management Committee
Qingci Games	Top 100 Private Service Enterprises in Fujian Province in 2024	Fujian Federation of Commerce & Industry



Award Recipient	Award	Issuing Institution
Qingci Games	2024 Top 50 Enterprises in Fujian Province in terms of Comprehensive Internet Strength	Internet Society of Fujian
The Marvelous Snail	GTA 2023 Best Overseas Leisure Game	Game Teahouse

In 2024, we conducted further research on the intellectual property applications of overseas products during the research and development period, and apply and certify the appearance patents involved in the surrounding goods. As of December 31, 2024, we owned a total of 169 trademarks, 111 software copyrights, 26 art copyrights, 8 other copyrights and 15 appearance patents.

We attach importance to management and protection of intellectual property and have always upheld a zero-tolerance attitude towards infringement. For contents and documents concerned with intellectual property, we strengthened document management measures, making sure none of them are leaked externally unless necessary and a watermark is added when they are provided externally. In view of the risk of infringement, we work closely with the external rights protection monitoring professional team to actively monitor the infringement. For infringing acts, we collect evidence comprehensively, customise targeted plans for safeguarding rights, and stop the infringement in time by means of investigation and collection of evidence, negotiation and settlement, and sending a lawyer's letter, in an effort to achieve efficient and accurate protection of rights, and, when necessary, report to the public security organs to file a case, severely crack down on violations and abuses and protect the rights and interests of the Company. As of December 31, 2024, a total of 2,730 infringement cases were settled regarding cracked version, pirated software and plug-in expansion.



2.4. Business ethics

Business ethics compliance is always our work priority. We strictly comply with laws and regulations such as the Anti-Monopoly Law of the PRC, the Anti-Unfair Competition Law of the PRC and the Interim Provisions on the Prohibition of Commercial Bribery and have established internal management measures such as the Anti-Fraud Policy of Qingci Games and the Procurement Policy of Qingci Games, which clearly stipulate fraudulent acts, reporting requirements and the reporting process. We also emphasise in the *Employee Handbook* the requirements of “anti-bribery” and “prevention of conflict of interest”, which prohibit employees or anyone acting on behalf of the Group from engaging in corrupt practices such as bribery or other misconduct of the same nature through any form. We have established the Internal Audit Policy. According to the policy, the Internal Audit Department regularly checks the implementation of the provisions of various anti-fraud and other systems, and promptly informs, handles and optimises them to prevent any corruption within the Group.

We lay emphasis on keeping the reporting channels smooth and the related information confidential. In accordance with the Anti-Fraud Policy of Qingci Games, the Group regulates, encourages and supports employees and social parties that have direct or indirect economic relations with the Group to report any actual or suspected fraud cases of the Group and its personnel. The Group will strictly protect the safety of informants and ensure that employees or external personnel are not subject to unfair treatment such as dismissal, degradation, suspension, intimidation, harassment, or any other form of retaliation for reporting through legal channels. We firmly maintain the confidentiality of the information reported. Employees can report anonymously any suspected corruption to the legal team or communicate directly with senior and middle management. In 2024, the Group did not receive any reports on ethical issues.

We require employees to comply with the Employee Handbook and the Code of Business Conduct and Ethics, which set out internal rules and guidelines on best business practices, professional ethics, fraud prevention mechanisms, negligence and corruption. We also provide regular in-service compliance training for management and employees to maintain a healthy enterprise culture.



2.5. Supply chain management

Based on the concept of whole value chain management, we integrate procurement and supplier management into risk identification and prevention, standardise the management of the procurement process, and propose requirements for the suppliers' business ethics and sustainable development performance. Our suppliers include third-party distribution platform suppliers, payment channel suppliers, game developers from which we introduce our own licensed games, other related game service providers, third-party advertising and marketing service providers, server suppliers and equipment suppliers.

We have formulated the Procurement Management Policy and Work Processes of Qingci Games, which establish a comprehensive standardised process from procurement planning, purchase review, purchase application, finding suppliers, supplier selection, purchase negotiation, delivery acceptance, and warehouse surplus goods management, to fully safeguard the scientificity and effectiveness of procurement management. In selecting and hiring suppliers, we evaluate a number of aspects such as business status, business capability, quotation management and quality, and select suppliers with good social and environmental performance; in addition, we pay special attention to the performance of suppliers in terms of business ethics and include them in the inspection of suppliers. We will check public information of the suppliers to check whether they have adverse situations such as litigation or employment disputes, and attach importance to the originality and legality of the delivery of works for content providers to avoid disputes. We evaluate our suppliers' cooperation and deliverables annually, and if we are unsatisfied with the results, we will communicate with them to correct and improve them, and monitor their progress.

As of the end of the reporting period, we had a total of 1,214 domestic suppliers and 292 overseas suppliers.

3. EMPLOYEE RIGHTS

3.1. Employment of talents

The Group strictly complies with relevant national laws and regulations, including but not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, and has correspondingly compiled the Employee Handbook to protect the interests of employees effectively.

- **Recruitment and dismissal**

The Group strictly regulates recruitment and dismissal and other relevant procedures. Each employee is required to sign a labour contract when employed, which clearly defines the rights, and obligations of both the employee and the employer (including but not limited to salaries, working hours, benefits and holidays). All employees have the right to terminate their employment with the Group. The establishment, modification, dissolution and termination of employment contracts strictly comply with relevant laws and regulations. The Group has explicitly established conditions and procedures of dismissal to ensure that employees are free of wrongful dismissal, protecting the interests of employees effectively.



- **Working hours and holidays**

We strictly abide by the provisions of the Labour Law of the PRC and the Labour Contract Law of the PRC, and implement the standard working hour system and the comprehensive working hour system to guarantee the rest time of employees. We focus on the long-term growth of both our employees and the Group, encourage employees to allocate their time in a reasonable manner and to spend their time on self-development both in knowledge and practical abilities. Employees must fill in the overtime application form and obtain the approval of their supervisor to work overtime. Employees of the Group can enjoy national statutory holidays and statutory annual leave, and can apply for personal leave, sick leave, wedding leave, maternity leave, bereavement leave, etc., and these holidays and leave can be extended as appropriate to enhance their happiness.

- **Equality, diversity and anti-discrimination**

The Group is committed to establishing an equal and diversified workplace. We provide equal opportunities for everyone in terms of recruitment, employment, training, promotion, remuneration and benefits, and firmly eliminate discrimination on the basis of gender, race, ethnicity, colour, age, nationality, religious belief, physical disability, marital status or other legally protected issues; and adopt a “zero tolerance” attitude towards any forms of harassment, abuse and coercion in the workplace and any external work-related environment. As a gaming company, we are committed to breaking the industry’s bias and attach importance to the introduction and training of female talents. We have recruited local employees for overseas office to facilitate employee diversity.

- **Prohibition of child labour and forced labour**

We strictly comply with laws and regulations such as the Labor Law of the PRC, the Provisions on the Prohibition of Child Labor, and the Law of the PRC on Protection of Minors. During the recruitment process, we have established a strict screening mechanism. First, we filter applicants’ resumes to ensure they meet the legal working age requirements, and when they are employed, we require employees to provide valid identification documents to further verify their age information. Through these steps, we resolutely prohibit the employment of minors and ensure that all employees of our group meet the minimum working age standards stipulated by national laws and regulations. At the same time, we respect the work preferences of every employee, resolutely prohibit any form of forced labor, and adhere to the principle of legal and compliant employment.



- **Talent distribution**

As of the end of the reporting period, the Group had 598 employees. The number and turnover rate of employees by gender, age, employment type and geographical area are as follows:

	Number of employees ¹	Employee turnover rate ²
Employee profile		
Total employees	598	47%
By employment type		
Full time	564	/
Part time	34	/
By gender		
Male	383	46%
Female	181	57%
By age		
Under 30	344	61%
Above 30	220	32%
By region		
China (Chinese Mainland, Hong Kong, Macau and Taiwan region)	552	49%
Overseas	12	58%

3.2. Talent development

- **Promotion system**

The Group has formulated job ranking standards and corresponding remuneration standards according to the professional attributes and industry conditions of different departments, and uniformly adjusts the ranks of employees who meet the promotion conditions every year. Meanwhile, to stimulate employee performance, employees can be promoted from time to time based on their normal performance and completion level, which are determined by the personnel department and department heads.

¹ The employee statistics categorized by type refer to full-time employee statistics.

² Turnover rate of each category = number of employees leaving in this category during the reporting period / total number of employees in this category at the end of the reporting period * 100%



- **Employee training**

We actively focus on the self-development of our employees and provide training and development opportunities for all staff to help them realize their maximum potential at work.

New employee training

We regularly arrange training programs for newly hired employees, aiming to provide them with a comprehensive understanding of the Company's rules and regulations through a series of well-designed courses. These programs answer their questions and help them quickly integrate into the Company culture and start their work smoothly. The training covers a wide range of topics, including the Company's development history and industry overview, explanations of Company rules and regulations, as well as interesting ice-breaking games. At the end of the training, we invite new employees to complete feedback forms in order to continuously optimize and improve the new employee training system. In addition, we provide newly hired employees with a detailed guidebook that covers a lot of useful information, including work preparation, daily routines, dining guidelines, meeting room reservations, parking space applications, shuttle services, and medicine collection, along with contact details of responsible persons, helping them adjust smoothly to the new work life.



Onboarding training



Senior executive training

Our senior executive training program is a comprehensive and in-depth development plan that uses specialized corporate training courses and management methodologies to provide regular training for senior executives. It aims to enhance their strategic thinking, leadership, and management skills. The training content includes strategic decoding and organizational review, talent assessment, organizational capability diagnosis, leadership modelling, and executive coaching, among other development and enhancement projects. These help executives maintain keen insight and adaptability in the changing market environment, deeply understand the current state of the Company, and accurately grasp the Company's strategic direction. Through the construction of mission, vision, and values, the program also aims to motivate executives internally, ensuring that they can lead their teams to achieve the Company's strategic goals, drive business development, and lead the Company forward sustainably.



Senior executive training



Training and Advocacy on Preventing Telecommunication Fraud

While digitalization brings us convenience, it has also led to a big increase in telecom network fraud. To prevent employees from falling into the traps of fraud and to safeguard their own “money bags”, the Company actively carries out anti-fraud publicity activities monthly. These activities aim to enhance employees’ awareness of prevention and strengthen their abilities to guard against, identify, and fight against fraud. Through continuous training, employees have gained a deeper understanding of telecommunication network fraud and realized the importance of fraud prevention.



Training and Advocacy on Preventing Telecommunication Fraud

During the reporting period, the average training hours of the Group’s employees are 2.39 hours. The percentage of trained employees and the average training hours by gender and function are as follows:

	Proportion of employees trained (%)	Average training hours of employees (hours)
By gender		
Male	68	7.56
Female	32	5.54
By function		
R&D	43	10.19
Operation	53	4.7
General and Admin	4	0.66



3.3. Staff care

- **Remuneration and benefits**

We have established a fair and reasonable remuneration system with competitiveness in the market and determined the salary increase range based on individual performance to ensure that employees receive matching salaries. Employee remuneration is composed of basic salary, post allowance, performance bonus and year-end bonus. We also help employees to pay social security benefits such as pension, medical, maternity, work injury, unemployment insurance and housing fund. We evaluate the performance of employees on a regular basis and increase salary for outstanding employees based on the Group's operating status, labour market status and other factors.

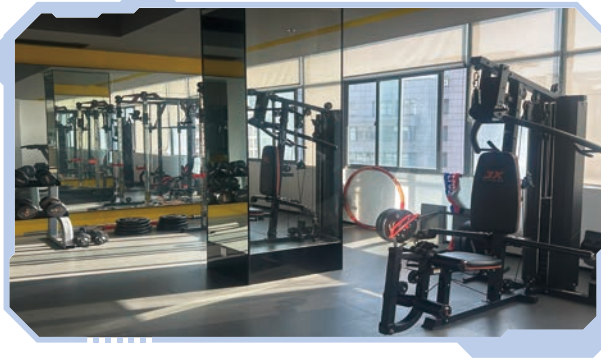
- **Employee communication**

We have established a comprehensive communication mechanism, complaint and grievance mechanism, as well as a satisfaction survey and feedback mechanism, with the commitment to improving staff engagement and enhancing their sense of belonging. For new employees, we conduct interviews at one month, three months, and six months after they join in order to provide psychological care, understand their level of adaptation, and gather their satisfaction feedback regarding the Company and work. In addition, we provide employees who work overtime on Saturdays with free overtime meals and snacks, and conduct weekly satisfaction surveys on overtime meals to get their feedback. We make adjustments through survey results and employees' suggestions, in an effort to improve employee satisfaction and loyalty to the Company.



- **Optimisation of office environment**

In 2024, we actively communicated with our employees to understand their needs and obtain their feedback, and continuously improved the office environment. In addition to providing a free gym, we have also updated the fitness equipment, and maintained existing recreational facilities such as free massage chairs, ping-pong tables, and game consoles to meet the diverse leisure needs of our employees. Additionally, our break rooms are equipped with coffee machines, a variety of tea bags to provide employees with more convenient leisure choices. These measures not only enhanced team cohesion and enriched employees' lives, but also significantly increased their work efficiency. By providing a relaxed and comfortable environment in their busy work, these measures effectively relieved employees' work pressure.



Office optimisation

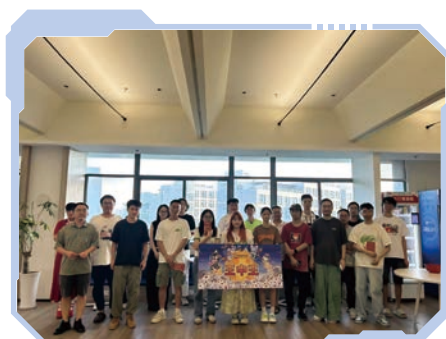


- **Welfare activities**

Every year, we organise a variety of activities or prepare welfare gifts according to traditional festivals, important international festivals, or commemorative events of the Company to express our care and sincere festival greetings to employees.

Celebration of festivals

We have carefully planned a holiday benefits program for our employees. For traditional festivals such as the New Year's Day, Dragon Boat Festival, and Mid-Autumn Festival, we prepare special gift boxes with gifts that fit our company culture. In the Mid-Autumn Festival of 2024, we held a Mooncake Dice Game (a traditional Mid-Autumn Festival activity) and provided numerous surprise prizes, aiming to create a warm and memorable festive atmosphere for our employees.



Holiday gifts and Mid-Autumn Festival activities

Regular team building activities

To enhance employees' sense of belonging and their identification with the Company, help them relax both physically and mentally, and enrich their leisure time, the Company carefully plans and regularly organizes a series of team-building activities. These activities aim to improve team cohesion and enhance the team's execution and collaboration capabilities.



Team building activities



Gifts on Women's Day

As a female-friendly company committed to gender equality, every year on Women's Day we prepare a special gift for female employees to show our respect and support for our female colleagues. We are committed to enhancing employees' sense of belonging to the team through such thoughtful actions, making them feel the care and warmth of this big family, thereby stimulating their work enthusiasm and motivation, and promoting both personal and corporate growth.



Gifts on Women's Day



3.4. Health and safety

We comply with the Production Safety Law of the PRC and the Fire Protection Law of the PRC, and other laws and regulations relating to occupational health and safety and fire safety in the workplace. We regularly carry out fire safety publicity activities and full-staff fire drills. We also invite experts to provide detailed explanations of fire safety and first aid knowledge to further enhance employees' fire safety awareness and emergency rescue capabilities, solidifying the fire safety defense line. We have equipped the office areas with fire alarm systems and automatic fire extinguishing systems. There are personnel on 24-hour duty in the Central Control/Fire Control Office. Security personnel inspect the fire service facilities according to the monthly plan. Each floor has 24-hour security patrols for comprehensive safety checks, reporting and handling any abnormalities promptly.



Fire-fighting measures

During the reporting period, the Company did not have any major work-related injuries and safety accidents, and there was no death of employees due to work injury in the past three years.

We deeply implement the "Care for Employees" and "Heart-warming" projects, visiting and expressing gratitude to employees who are ill in hospital, and take employees' daily lives caring as essential work content. We also have institutionalised and normalised the "Care for Employees" project so that our employees can always feel the care and warmth of the Company. We are concerned about the physical health of employees. In addition to the basic social insurance and housing fund, we also buy accident insurance for each employee and regularly organize free health examinations to help them discover latent diseases and seek medical attention promptly, to improve work efficiency, and reduce the loss of human resources. Meanwhile, we prepare commonly used medications for employees for free, addressing minor illnesses and injuries they may encounter in their daily work and helping them recover as soon as possible. Furthermore, we are also concerned about the mental health of our employees and assist in contacting psychologists to offer free in-person counselling services to those suffering from mental health conditions, to help them stabilize their minds and behaviour patterns, and get back to their normal life and work pace.



4. GREEN OPERATION

We strictly abide by laws and regulations such as the Environmental Protection Law of the PRC, actively respond to the national call for energy conservation and emission reduction, adhere to the green development concept and low-carbon strategy, and strive to build an eco-friendly enterprise, demonstrating our commitment to low-carbon operations through practical actions.

We focus on the design, research and development, production and operation of internet gaming products. Based on the nature of our business, our impact on the environment mainly includes carbon emissions from energy consumption in the office areas, and small amounts of office and domestic waste and sewage produced. We are not involved in any use of packaging materials for finished products or non-renewable energy, forest resources, and do not have any impact on biodiversity in the course of business. Therefore, we do not disclose the relevant content of KPI A2.5 Packaging Materials and A3 Environment and Natural Resources in ESG Guide in the Report.

We outsource third-party manufacturers and logistics service providers to carry out certain offline business, such as manufacturing and delivering game-related goods. We promote green office practices, standardise waste management, and plan to strengthen the environmental responsibility audits and empowerment of suppliers (e.g. data suppliers, peripheral product manufacturers) in the future.

In order to clearly evaluate our progress, we have formulated the following environmental goals with 2021 as the base year in consideration of the Group's development strategy and domestic and foreign policy formulation, and will promote the achievement of these goals through comprehensive environmental management.

By 2030, we are committed to achieve

- ✓ Effectively control greenhouse gas emissions
- ✓ Ensure 100% compliant disposal of non-hazardous waste and advocate waste classification
- ✓ Effectively control power consumption and improve power efficiency
- ✓ Effectively control water consumption and improve water efficiency

4.1. Energy conservation and emission reduction

In order to support the national goal of achieving carbon peak and carbon neutrality, we continue to promote the development of our operations in the direction of green and low-carbon, and we are committed to implementing a range of measures for resource saving, energy conservation and emission reduction. We actively practice green office concepts and optimize the office environment to reduce energy consumption; actively respond to climate change and develop initiatives to address extreme weather and other climate risks; value water resources and regularly promote and implement water-saving initiatives; and take effective measures to reduce waste production and achieve waste recycling. Through these comprehensive measures, we aim to build a more sustainable operation model, contributing our efforts to environmental protection, energy conservation and emission reduction.



4.1.1. Green office

The Group's daily operations aim to conserve energy and reduce emissions. In addition, we emphasize energy conservation and emission reduction, and multiple measures are taken to minimise carbon emissions generated during operations. We promote green office practices and actively spread the concept of sustainable development among employees. We encourage the implementation of daily energy-saving and emission reduction measures, foster a good environment of energy conservation, and enhance employees' awareness of resource conservation. We actively respond to the call for green office practices to support energy conservation and emission reduction efforts.

Energy saving measures in office areas

- ✓ Employees are required to turn off the computer, air conditioning and lights before leaving the office
- ✓ Special personnel are arranged to inspect the waste of resources irregularly, for example, whether electronic equipment, lights and air conditioning are turned off or not
- ✓ Air conditioning is set at 26 degrees or above in summer
- ✓ Energy conservation products such as LED lights are preferred
- ✓ New energy shuttle buses are used in employee transportation
- ✓ Energy conservation publicity is conducted regularly to encourage power saving and low-carbon transportation
- ✓ Reminders such as "Saving Power" are posted up to the air conditioning and light switches
- ✓ Slogans such as "Less elevators, more climbing" are post up next to the elevator



Energy conservation publicity



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We regularly evaluate our energy consumption levels, with energy use and greenhouse gas emissions primarily stemming from the purchased electricity and automotive fuel used in our Xiamen and Chengdu office operations. During the reporting period, the Group's energy consumption and greenhouse gas emissions are as follows:

Use of Energy	2024
Gasoline (MWh)	127.97
Total direct energy consumption (MWh)	127.97
Purchased electricity (MWh)	844.25
Total indirect energy consumption (MWh)	844.25
Total energy consumption (MWh)	972.22
Energy consumption intensity (MWh/person)	1.8518

Note: Energy consumption is the direct energy consumption caused by the use of automobile fuel and the indirect energy consumption caused by purchased electricity, which is presented in megawatt hours (thousands of KWH). The calculation and conversion factor are based on default value of fossil fuel in the Guide of Accounting and Report of Greenhouse Gas Emissions for Public Construction Operation Enterprises (Trial Version) released by the National Development and Reform Commission (NDRC).

Greenhouse gas emissions	2024
Scope 1: Direct greenhouse gas emissions (tonnes)	31.29
Scope 2: Indirect greenhouse gas emissions from energy(tonnes)	453.02
Total greenhouse gas emissions (tonnes)	484.31
Greenhouse gas emission intensity (tonnes/person)	0.92250

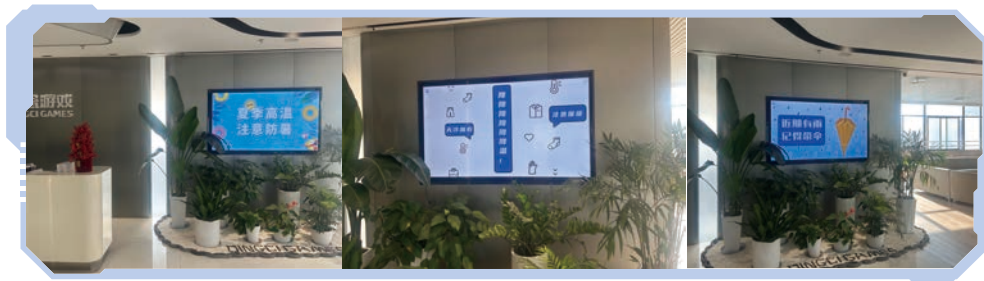
Note: GHG emissions are mainly direct GHG emissions resulting from the use of motor fuels during operations (Scope 1) and indirect GHG emissions from purchased electricity (Scope 2). GHG emissions are presented in carbon dioxide equivalents. GHG emissions are calculated with reference to the Guide of Accounting and Report of Greenhouse Gas Emissions for Public Construction Operation Enterprises (Trial Version) released by the NDRC and the Announcement on the Publication of Carbon Dioxide Emission Factors for Electricity in 2022.



4.1.2. Response to climate change

The Group continues to focus on the impacts of climate change tendency and changes in domestic and foreign laws and regulations on our business operations. We actively identify climate change risks and relevant opportunities, and formulate countermeasures for the identified risks.

Faced with fluctuating temperatures in the city, the Company has strengthened the effectiveness of disseminating early warning information through large screens and other intuitive media to ensure that safety tips are conveyed immediately, clearly and easily understood, and to effectively reduce the health problems of employees caused by sudden temperature changes.



Reminder on big screen

In response to extreme or inclement weather, we have formulated contingency plans and management policies, which are constantly being optimised to prevent safety incidents that may arise from such weather. This includes an emergency contact mechanism for staff, safety guidelines and office arrangements for specific situations. In addition, we have set up a 24-hour leadership on-duty system and an emergency response team to ensure that we can respond quickly to various emergencies. For example, in the event of a typhoon or heavy rainfall, we activate the emergency response plan quickly based on the warning information issued by the meteorological stations for the first step. We communicate the warning information and related arrangements to all staff in a timely manner through our internal communication system, including but not limited to workplace adjustments, guidance on working from home and necessary safety measures. By doing so, we aim to ensure the safety of our staff and minimise the impact of extreme weather on our operations. We also actively respond to government arrangements and policies to ensure that our actions are in line with local guidelines.



Risk categories	Potential impact	Risk response
Physical risks	<ul style="list-style-type: none"> Headquartered in Xiamen, Fujian Province, the Group is vulnerable to typhoons, rainstorms and high temperatures in summer. Frequent extreme weather events caused by global warming will potentially affect employees' commuting safety, physical security of owned assets and leased servers, power load for commercial office use, power and water supply stability, and business continuity As access to games by our major users relies on the availability of the Internet infrastructures at various locations, the potential damage to the Internet infrastructure caused by extreme weather increases business instability 	<ul style="list-style-type: none"> Formulate emergency plans and management policies for personnel safety, carry out inspection, and ensure the effective implementation of safety measures such as keeping window sills clear, powering off car charging piles, and shutting down lifts to guarantee the safety of our personnel and eliminate accidents Establish a disaster backup and recovery system for office buildings and self-owned/leased servers; formulate the Information Security Incident Contingency Plan and organise emergency drills, stipulating corresponding responsibilities, early warning procedures, and countermeasures Back up key data and purchase cloud services Purchase power generators for contingencies Continuously reduce the electricity and water consumption for office operation, and improve employees' awareness of energy conservation, and implement the green office project



Risk categories	Potential impact	Risk response
Transition risks	<ul style="list-style-type: none"> With the introduction of a series of policies to achieve carbon peak and carbon neutrality in China, reporting obligations on emissions and emission ranges are more stringent, greenhouse gas emission costs increase, and regulation of the Group's green operations is strengthened Increasing concerns about the Group's green operation from stakeholders, including users and investors 	<ul style="list-style-type: none"> Continuously improve in the management of energy use and calculate the carbon emissions accurately Increase the Group's share of renewable energy use, such as purchase of green power Explore the green properties of suppliers and empower suppliers with awareness and capability of green production Communicate and publicize actively with the outside world, join relevant industry associations to promote industrial cooperation and enhance the enterprise reputation

4.2. Water resource management

We attach great importance to the conservation and rational use of natural resources and actively carry out water conservation activities to reduce the waste of water resources. In addition to conducting regular promotional activities on water conservation, we post water conservation signs in all rest rooms, pantries and other public areas to remind and encourage our staff to develop the habit of saving water. In addition, our property team conducts regular inspections of our facilities to check for leaks and drips and makes timely repairs to prevent water waste. Through these comprehensive measures, we strive to create a favourable atmosphere within the Company for the conservation and appreciation of water resources.





“Water Saving” poster

The Group’s water usage is entirely supplied by municipal sources and does not involve any issues related to sourcing water. In 2024, the Group’s water consumption is as follows:

Water consumption	2024
Total water consumption (tonnes)	7,079
Water consumption intensity (tonnes/person)	13.48

4.3. Emissions management

We reduce waste emissions through various daily measures on conservation and waste reduction that promote a green lifestyle.

We actively respond to the national call on “Practising Thrift and Opposing waste”, adhering to the old adage that “Who knows that every grain on the plate is the result of hard labour.” By carrying out the “Clean Plate Campaign”, we promote civilized dining among our employees and discourage waste, effectively reducing kitchen waste. Fully aware that every grain of food is hard-earned, we are committed to cultivating employees’ awareness of frugal dining, making conservation a conscious action for everyone, and promoting the practice of green living.

In addition, in line with the Regulations on Practicing Thrift and Opposing Waste in Party and Government Bodies, we actively advocate paperless office practices within our workplaces. This includes actively utilizing information technology, and issuing annual reports in a paperless way, etc., which significantly reduces the need for printing. At the same time, we encourage paper reutilisation and endeavour to reduce the consumption of disposable office supplies to further reduce the impact on the environment. We strictly implement the waste classification requirements in office areas, and place four types of “dry waste”, “wet waste”, “recyclable waste” and “hazardous waste” bins. The domestic garbage is centrally classified and managed, and the cleaning staff of the property team are assigned to the designated drop-off points in the park for disposal. We promote orderly waste recycling in office areas through daily advocacy.



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In view of the high wear and tear of electronic equipment, the Group hands over all end-of-life electronic equipment and some equipment with secondary use value to suppliers with recycling qualifications for disposal in the daily operation and office activities, so as to achieve recycling of resources while reducing the emission of carbon dioxide and other pollutants in the waste disposal process.



Waste reduction measures

We discharge only domestic wastewater, which is treated in accordance with the Law on the Prevention and Control of Water Pollution of the PRC through sewage pipes to treatment plants in the corresponding areas. The main waste generated is domestic garbage from office premises. Our emissions generated in 2024 are as follows:

Emission category	2024
Volume of non-hazardous waste (tonnes)	128.04
Intensity of non-hazardous waste (tonne/person)	0.24389
Volume of wastewater (tonnes)	5,975.45



Notes:

1. *The hazardous waste generated during office process in the Group includes a small amount of toner cartridges and waste ink cartridges, which are collected and recycled by qualified recyclers and have a relatively negligible impact on the environment. Therefore, KPI A1.3 (the total amount and intensity of hazardous waste generated) is not disclosed in the ESG report.*
2. *Due to the nature of our operations, the Group does not generate any exhaust emissions; all wastewater generated is domestic wastewater, which is all discharged into the municipal pipe network.*

5. PUBLIC WELFARE

Adhering to our corporate responsibility philosophy of “gratitude for the source of benefit and reward for the community”, we have continuously focused on and assisted social public welfare programmes and have insisted on the social responsibility that enterprises should fulfil. We plan and participate in various online and offline charity activities, which cover important social issues in China, including care for children, care for special groups, environmental protection, preservation of intangible cultural heritages, and disaster relief support.

In 2024, we carried out public welfare activities through charitable donations and game collaborations. In order to provide robust support to the social work community, we have transformed players’ passion for games into a driving force for contributing to society, initiating a series of charitable donation activities and fully promoting the steady development of public welfare undertakings. During this period, in line with the national initiative to strengthen community worker teams, we produced and donated peripheral products to both social workers and players, thereby reinforcing the bond between public welfare and gaming. Additionally, we provided support for social worker training in Sichuan Province to enhance their professional capabilities and better serve the protection of minors. Furthermore, we offered themed activities and public welfare gift packages in the game and donated the profit hereof to the relevant foundation projects. This innovative approach integrated charity with entertainment, allowing players to engage in public welfare while enjoying the game.



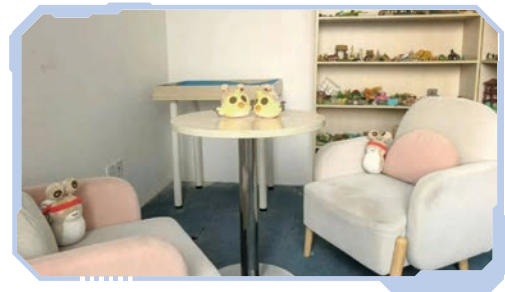
- **Positive energy of games**

Caring for children

- **The Marvelous Snail x Caring for Growth**

We launched the “Caring for Growth” operation, together with Ai You Foundation, to aid children in difficulty to return to a normal life as soon as possible. Game players can buy public welfare gift packages and participate in game activities to contribute to public welfare and obtain game services. This endeavour aims to provide a boost to children in tough situations and illuminate their future with love.

Furthermore, we have made additional donations of game peripherals, such as plush toys of snails and orioles, to psychological counselling rooms that offer emotional support, aiming to alleviate children’s psychological pressure, safeguard their mental health, and ultimately help them reclaim a bright and cheerful life.



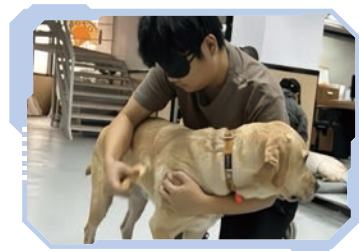
“Caring for Growth” to aid children in difficulty



Caring for Guiding Dogs

- The Marvelous Snail & Servitor Project x Guiding the Blind**

Following our collaboration with the Shanxi Zhongxin Public Welfare Foundation and the Guangzhou Guide Dog School in 2023 to initiate a sponsorship program for guide dog breeding called “Guiding the Blind,” we continue to maintain close contact with the foundation and the school, carrying the heartfelt wishes and blessings of our players. Together, we have been actively promoting the completion of the new school building. The school is now operational, with improved hardware facilities that make its operations more efficient. In the future, we will support the school in localizing internationally standardized guide dog services to assist more visually impaired individuals.



Guide the Blind

Caring for special groups

- Time Voyager x Time Bakery**

“Time Bakery” is a public welfare initiative jointly launched by us in partnership with the Amity Foundation and Amity Bakery, dedicated to promoting employment opportunities for individuals with intellectual disabilities. The “Happy Bakers Vocational Training Program” at Amity Bakery aims to equip those with moderate to severe disabilities with job skills and secure them stable employment through vocational training and supported employment. This, in turn, enhances their self-confidence and that of their families for their future lives. Players can participate in the event by purchasing props, special charity-themed limited packs, and other items. All profits generated from the event will be donated to relevant projects of the Amity Foundation.



Time Bakery



Protecting environment

- **The Marvellous Snail x Guarding the Coral Sea**

“Guarding the Coral Sea” is a joint initiative we launched with Better Blue, advocating for attention to the health of coral reef ecosystems. The activity calls on a wide range of divers and marine conservationists to participate, while also promoting public science education to raise awareness and foster love and protection for corals among more people. This event uses games as a platform, where players can participate by purchasing charity gift packages. This innovative approach to public welfare allows players to contribute their part in safeguarding the coral seas through gaming.



Guarding the Coral Sea



Preserving intangible cultural heritages

- **The Marvellous Snail x Promoting “Jingdezhen porcelain-making techniques”**

The Marvellous Snail team launched the “Promoting ‘Jingdezhen porcelain-making techniques’” operation for the protection of intangible cultural heritages, together with the Jingdezhen Imperial Kiln Ceramic Art Museum, to introduce people to the millennia-old Jingdezhen porcelain-making technique, which exemplifies its unparalleled charm and irreplaceability in the industrial cultural ecosystem, both domestically and internationally. We incorporated the patterns, colours and other elements of Jingdezhen porcelain into the game’s scenes and props, and players can visit the porcelain museum, thus promoting and popularizing the cultural connotations and long history of Jingdezhen porcelain. Through this experience, players can appreciate the beauty of the thousand-year-old craftsmanship that has been passed down.



Promoting “Jingdezhen porcelain-making techniques” intangible cultural heritage



• Charitable donation

Supporting disaster relief

• Caring for Disaster Areas, Overcoming Difficulties Together

During the flood season in June 2024, Guangdong, Guangxi, Fujian, and other regions frequently experienced heavy rainfall, causing road closures, disruptions to power and water supply services, damaged houses and other severe disaster impacts. In response to these challenges, Qingci Games joined hands with the Amity Foundation and resolutely extended their support. They provided vital assistance to the civilian rescue teams working hard on the front lines in Fujian and arranged for the transportation of essential supplies, such as rice and cooking oil, to the affected villages, aiming to bring warmth and care to the disaster-hit communities, with the hope that they would soon overcome their difficulties, restore normal living conditions, and collectively weather this trying time together.



Supporting Disaster-Affected Areas with Material Donations

• Employees' participation

We encourage employees to participate in social welfare programmes and believe that the employee engagement can develop their sense of pride and responsibility, and as a result, promote the social reputation of the Company. Our employees have actively participated in the research, development and design of themed charity activities within the game, providing assistance to children in distress, bringing more attention to special groups, and donating essential living supplies to those affected by disasters. In 2024, we completed a total of 6 public welfare programmes and donated more than RMB 300 thousand, and our total volunteer hours exceeded 2,000. In the future, we will actively organise employees to participate in more volunteer activities and public welfare operations to contribute our share to public welfare undertakings.



6. ESG REPORTING GUIDE

KPI	Description	Reference
A1	<p>Emissions: General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</i></p> <p><i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i></p> <p><i>Hazardous wastes are those defined by national regulations.</i></p>	<p>4.1 Energy conservation and emission reduction</p> <p>4.3 Emissions management</p>
KPIA1.1	The types of emissions and respective emissions data.	4.3 Emissions management
KPIA1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1 Energy conservation and emission reduction
KPIA1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not Applicable
KPIA1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3 Emissions management
KPIA1.5	Description of emissions target(s) set and steps taken to achieve them.	4. Green Operation
KPIA1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4. Green Operation 4.3 Emissions management



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KPI	Description	Reference
A2	<p>Use of Resources : General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p><i>Note: Resources can be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i></p>	4. Green Operation
KPIA2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.1 Energy conservation and emission reduction
KPIA2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.2 Water resource management
KPIA2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4. Green Operation 4.1 Energy conservation and emission reduction
KPIA2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4. Green Operation 4.2 Water resource management
KPIA2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable
A3	<p>The Environment and Natural Resources : General Disclosure</p> <p>Policies on minimising the issuer's significant impacts on the environment and natural resources.</p>	Not Applicable
KPIA3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not Applicable
A4	<p>Climate Change: General Disclosure</p> <p>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</p>	4.1 Energy conservation and emission reduction
KPIA4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	4.1 Energy conservation and emission reduction



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPI	Description	Reference
B1	<p>Employment: General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	3. Employee Rights
KPIB1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	3.1 Employment of talents
KPIB1.2	Employee turnover rate by gender, age group and geographical region.	3.1 Employment of talents
B2	<p>Health and Safety: General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	3.4 Health and safety
KPIB2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.4 Health and safety
KPIB2.2	Lost days due to work injury.	3.4 Health and safety
KPIB2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.4 Health and safety
B3	<p>Development and Training: General Disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p><i>Note: Training refers to vocational training, which can include internal and external courses paid by the employer.</i></p>	3.2 Talent development



KPI	Description	Reference
KPIB3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.2 Talent development
KPIB3.2	The average training hours completed per employee by gender and employee category.	3.2 Talent development
B4	<p>Labour Standards: General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child and forced labour.</p>	3.1 Employment of talents
KPIB4.1	Description of measures to review employment practices to avoid child and forced labour.	3.1 Employment of talents
KPIB4.2	Description of steps taken to eliminate such practices when discovered.	3.1 Employment of talents
B5	<p>Supply Chain Management: General Disclosure</p> <p>Policies on managing environmental and social risks of the supply chain.</p>	2.5 Supply chain management
KPIB5.1	Number of suppliers by geographical region.	2.5 Supply chain management
KPIB5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	2.5 Supply chain management
KPIB5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	2.5 Supply chain management
KPIB5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	2.5 Supply chain management
B6	<p>Product Responsibility: General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	2.1 Product responsibility



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KPI	Description	Reference
KPIB6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.1 Product responsibility
KPIB6.2	Number of products and service related complaints received and how they are dealt with.	2.1 Product responsibility
KPIB6.3	Description of practices relating to observing and protecting intellectual property rights.	2.3. Protection of intellectual property rights
KPIB6.4	Description of quality assurance process and recall procedures.	2.1 Product responsibility
KPIB6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.2 Information security and privacy protection
B7	<p>Anti-corruption: General Disclosure</p> <p>Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to bribery, extortion, fraud and money laundering.</p>	2.4 Business ethics
KPIB7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2.4 Business ethics
KPIB7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	2.4 Business ethics
KPIB7.3	Description of anti-corruption training provided to directors and staff.	2.4 Business ethics
B8	<p>Community Investment: General Disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p>	5. Public Welfare
KPIB8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5. Public Welfare
KPIB8.2	Resources contributed (e.g. money or time) to the focus area.	5. Public Welfare



Corporate Governance Report

The Board of Directors is pleased to present to the shareholders the corporate governance report for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules and the Company has adopted the CG Code as its own code of corporate governance. The Board is of the view that the Company has complied with all code provisions as set out in part 2 of the CG Code for the Reporting Period. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

BOARD OF DIRECTORS

Responsibilities

The fundamental responsibility of the Board of Directors (the "**Board**") is to exercise its best judgment and to act in the best interests of the Company and its Shareholders. The Board establishes the Company's purpose, values and strategy, and ensures that these align with the Company's culture. The Board is formally responsible for overseeing all major matters of the Company, including the formulation and approval of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors, monitoring the performance of the senior management team (the "**Senior Management**") and other significant financial and operational matters.

All Directors at all times lead by example and carry out duties in good faith and with integrity, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders. They promote the desired corporate culture, which will instill and continually reinforce the Company's values of acting lawfully, ethically and responsibly. The Board conducts a regular evaluation of its performance.

The daily management, administration and operation of the Company are formally delegated to the Senior Management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the Senior Management on the Company's behalf. The Senior Management reports to the Board on a regular basis and communicates with the Board whenever required.

All Directors clearly understand the delegation arrangements in place. The Company will review the delegation arrangements periodically to ensure that they remain appropriate to the Company's needs.

During the Reporting Period, the Company held five Board meetings and one general meeting and all members of the Board attended the five Board meetings and one general meeting.



Board Composition

Executive Directors

Mr. Yang Xu (*Chairman of the Board and President*)
 Mr. Huang Zhiqiang (*Chief Executive Officer*)
 Mr. Liu Siming (*Chief Financial Officer*)
 Mr. Zeng Xiangshuo (*Chief Operating Officer*)

Independent Non-executive Directors

Professor Lam Sing Kwong Simon
 Mr. Yuan Yuan
 Ms. Fang Weijin

There is no financial, business, family or other material/relevant relationship between any members of the Board. The biographies of the Directors are set out under the section headed "Biographies of Directors and Senior Management" in this annual report. The division of responsibilities between the Chairman and Chief Executive Officer is clearly established and set out in writing.

In order to take advantage of the skills, experiences and diversity of perspectives of the Directors and in order to ensure that the Directors give sufficient time and attention to the Group's affairs, we request each of the Directors to disclose to the Company, the number and nature of offices held in public companies or organisations and other significant commitments, together with the identity of such public companies or organisations and the time involved in such commitments.

During the Reporting Period, the Board has at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, with (1) the appointment of at least three independent non-executive Directors who represent at least one-third of the Board and (2) at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. The Company has received written annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has conducted an annual review and considers that all independent non-executive Directors are independent, taking into account the independence guidelines set out in Rule 3.13 of the Listing Rules in the context of the length of service of each independent non-executive Director. The Board believes that the balance between the executive Directors and the independent non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the Shareholders and the Group.

As part of the Company's corporate governance practice to provide transparency to the investor community and in compliance with the Listing Rules and the CG Code, the independent non-executive Directors are clearly identified in all corporate communications containing the names of the Directors. In addition, an up-to-date list of Directors identifying the independent non-executive Directors and the roles and functions of the Directors is maintained on the Company's website and the Stock Exchange's website.



Board Leadership

Our Chairman, Mr. Yang Xu, provides leadership for the Board to work effectively and perform its responsibilities. He is also responsible for drawing up and approving the agenda for Board meetings. Mr. Yang also ensures that all Directors are properly briefed on issues arising at Board meetings, and works with Senior Management to provide adequate, accurate, clear, complete and reliable information to members of the Board in a timely manner.

The Chairman, together with the Board, acts in the Company's best interests through encouraging all Directors to make a full and active contribution to the Board's affairs and encouraging Directors with different views to voice their concerns. The Chairman also allows sufficient time for discussion of issues. Lastly, he promotes a culture of openness and debate by facilitating the effective contribution of the independent non-executive Directors.

Appointment and Re-election of Directors

Pursuant to Article 16.19 of the Company's Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Pursuant to Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Each of the executive Directors has entered into a service contract with the Company, under which he agreed to act as executive Director for an initial term of three years or until the third annual general meeting of the Company since the Listing (whichever is sooner and subject to automatic renewal upon approval of re-appointment of the Director by the Shareholders in annual general meetings of the Company), subject to the Articles of Association and the Listing Rules, which may be terminated by not less than three months' notice in writing served by either the executive Director or the Company. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Except for Mr. Yuan Yuan, each of the independent non-executive Directors is appointed for an initial term of three years or until the third annual general meeting of the Company since the Listing (whichever is sooner and subject to automatic renewal upon approval of re-appointment of the Director by the Shareholders in annual general meetings of the Company). Mr. Yuan has signed an appointment letter with us for a term of three years commencing from October 17, 2023. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee. The Company does not grant equity-based remuneration (e.g., share options or grants) with performance-related elements to independent non-executive Directors to avoid bias in their decision-making and compromising their objectivity and independence. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association.



Independent Non-executive Directors

The independent non-executive Directors play a significant role in the Board and the development of the Company's strategy and policies by virtue of their independent judgment and constructive and informed views, which carry significant weight in the Board's decision. The functions of independent non-executive Directors include (i) bringing an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, (ii) taking the lead where potential conflicts of interests arise, (iii) scrutinising the Company's performance in achieving agreed corporate goals and objectives and (iv) monitoring performance reporting.

During the Reporting Period, the Company held five Board meetings and one general meeting. On March 27, 2025, a Board meeting was convened to consider and approve, among other things, the consolidated financial statements in this annual report. All independent non-executive Directors have attended and participated in the board meeting and drawn on their skills, expertise and varied backgrounds and qualification.

Directors' Training and Professional Development

Every newly appointed Director has been given a comprehensive, formal and tailored induction upon their appointment. The Company will continue to arrange and fund continuous professional training to provide the Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates and briefings on the Company's operations, performance, position and prospects. These measures ensure that (i) the Directors have a proper understanding of the Company's operations and business, (ii) the Directors are fully aware of their responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies and (iii) the Directors' contribution to the Board remains informed and relevant.

During the Reporting Period, the Company organised internal training sessions for the Directors, and sent reading material on relevant topics to Directors for their reference and studying, including reading materials in relation to legal and regulatory updates. The training sessions covered a wide range of relevant topics including but not limited to new regulations and practices related to ESG, and the amendments of the Listing Rules.

The Directors informed the Company that they had received sufficient and relevant training and continuous professional development during the Reporting Period.



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Records of training received by the Directors for the Reporting Period are summarized as follows:

Director	Participation in continuous professional development ¹
Mr. Yang Xu	✓
Mr. Huang Zhiqiang	✓
Mr. Liu Siming	✓
Mr. Zeng Xiangshuo	✓
Professor Lam Sing Kwong Simon	✓
Mr. Yuan Yuan	✓
Ms. Fang Weijin	✓

Note:

1. Attended training/seminar/conference arranged by the Company or other external parties or read legal and regulatory updates and other reference materials relating to, among others, Directors' duties and responsibilities, corporate governance and Listing Rules requirements.

DIVERSITY

Board Diversity Policy

We have adopted a diversity policy of the Board (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board.

A summary of the Board Diversity Policy is set out as follows:

Policy Statement

The Company recognizes the benefits of having a diverse Board, and views an appropriate range and balance of talents, skills, experience and diversity of perspectives at the Board level as a business imperative that will help the Company achieve its strategic objectives and maintain a competitive advantage.



Measurable Objectives

Pursuant to the Board Diversity Policy, we seek to achieve diversity of our Board through the consideration of a number of factors when selecting candidates to our Board, including but not limited to professional experience, talent, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. All appointments of the members of the Board should be made on merit.

Our Nomination Committee will review and assess the composition of the Board and make recommendations to the Board on the appointment of members of the Board.

Monitoring, Reporting and Review

Our Nomination Committee is responsible for reviewing the diversity of our Board. The Board will review the implementation and effectiveness of the Board Diversity Policy annually, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives in order to ensure that the policy remains effective.

Policy Compliance

Under the current composition of our Board, our Directors have a balanced mix of knowledge and skills, including in management, strategic development, business development, sales and marketing, finance and information science and investments. They obtained degrees in diverse areas such as engineering, computer science and management. Our Directors range from 40 to 66 years old. After due consideration, our Board believes that based on our existing business model and different backgrounds of our Directors, the composition of our Board satisfies our Board Diversity Policy.

GENDER DIVERSITY

Gender Diversity at Board Level

We recognize that the gender diversity at the Board level can be improved. In particular, after the appointment of Ms. Fang Weijin as an independent non-executive Director with effect on December 16, 2021, gender diversity is achieved in respect of the Board as it is no longer a single gender board. That said, we will continue to strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to stakeholders' expectation and international and local recommended best practices. We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to providing career development opportunities for female staff so that we will have a pipeline of female Senior Management and potential successors to our Board in a few years' time.



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The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

The Company is of the view that this strategy will offer chances for the Board to identify capable female employees to be nominated as a member of the Board in the future with an aim to providing the Board with a pipeline of female candidates to achieve gender diversity in the Board in the long run. The Board currently has one female Director and as such has achieved gender diversity in respect of the Board. The Nomination Committee will use its best endeavors and on suitable basis, identify and recommend female candidates to our Board for its consideration on the appointment of a Director as and when appropriate with the goal to maintain at least one female Director in our Board, subject to the Directors (i) being satisfied with the competence and experience of the relevant candidate based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interests of the Company and its Shareholders as a whole when considering the appointment. The Company believes that such a merit-based selection process with reference to the Board Diversity Policy and the nature of our business will be in the best interests of the Company and its Shareholders as a whole.

The Board recognises the importance of diversity at the workforce level. The Group employs our staff by talents and respects our staff's personal choices, regardless of gender, age, religion, nationality, etc. The gender ratios of the full-time employees by the end of the year ended December 31, 2024 are as follows:

Male 68%; Female 32%.

BOARD MEETINGS

The Company has adopted the practice of holding Board meetings regularly in person for at least four times a year at approximately quarterly intervals, with active participation of all the Directors entitled to be present.

Notice of not less than 14 days is given for all regular Board meetings to provide all Directors with the opportunity to attend the meeting and include matters in the agenda. For other Board meetings, reasonable notice is given. The agenda and accompanying board papers are despatched in full to the Directors or committee members at least three days before meetings to ensure that they have sufficient time to review these documents. To enable the Directors to make informed decisions, the management will supply the Board and its committees with adequate, complete and reliable information in a timely manner and the Directors can access board papers and related materials of appropriate form and quality.

If any Director raises any queries, steps will be taken to respond to such queries as promptly and fully as possible. When a Director or a committee member is unable to attend a meeting, he is advised of the matters to be discussed and given an opportunity to make his views known to the Chairman prior to the meeting.



If a substantial Shareholder or a Director has a conflict of interest in a matter for consideration which is determined to be material by the Board, the Board should deal with the matter with a physical meeting rather than a written resolution. If an independent non-executive Director and his close associates have no material interest in the transaction, he should attend that Board meeting.

Minutes of the Board meetings and committee meetings record in detail the matters considered by the Board and the committees and the decisions reached, including any concerns and dissents expressed by the Directors. Draft and final versions of the minutes of the meetings are sent to the Directors for comments and records respectively within a reasonable time after each meeting. The final minutes with the relevant board papers and related materials are kept by the joint company secretaries and are available for review and inspection by the Directors at any time.

The Directors have full and timely access to all the information of the Company and the advice and services of the joint company secretaries, with a view to ensuring that Board procedures and all applicable laws, rules and regulations are followed. The Directors can seek independent professional advice in performing their duties at the Company's expense. The Board has resolved to provide separate independent professional advice to the Directors to assist them in performing their duties to the Company. Individual Directors are encouraged to access and consult with the Company's Senior Management independently and separately from the Board, but will not rely purely on the information provided voluntarily by the Senior Management and will make further enquiries when necessary.

The Board has established mechanisms to ensure that independent views and input are available to the Board: (i) the Chairman will at least hold one meeting with independent non-executive Directors and without the presence of other Directors; and (ii) the independent non-executive Directors participate in board committees (including Audit Committee, Nomination Committee and Remuneration Committee) meetings to bring independent views, advice and judgment on important issues relating to the Company's strategy, policy, financial performance. During the Reporting Period, the Board reviewed the implementation of the above-mentioned mechanism and considered the mechanism to be appropriate and effective.

During the Reporting Period, the Company held five Board meetings and all members of the Board attended the five Board meetings. The Chairman held one meeting with the independent non-executive Directors without the presence of other Directors. The Company will comply with code provision C.5.1 of the CG Code to hold at least four Board meetings each year, about once every quarter, and code provision C.2.7 of the CG Code for the Chairman to hold at least one meeting with the independent non-executive Directors without the presence of other Directors each year.

On March 27, 2025, a Board meeting was held, to consider and approve, among other things, the consolidated financial statements in this annual report.



BOARD COMMITTEES

To better serve the long-term interests of our stakeholders, the Board delegates certain matters requiring particular time, attention and expertise to its committees. The Board has determined that these matters are better dealt with by the committees as they require independent oversight and specialist input. As such, the Board has established three committees to assist the Board, namely Audit Committee, Remuneration Committee and Nomination Committee (the “**Committee(s)**”). Each of the Committees has its terms of reference which clearly specifies its powers and authorities and is responsible for overseeing particular aspects of the Group’s affairs. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the Company’s website and the Stock Exchange’s website.

Each of the Committees will report to the Board on a regular basis, and the chairman of the Committee will report the findings and recommendations to the Board at the forthcoming meeting of the Board following each meeting of the Committee, unless there are legal or regulatory restrictions on its ability to do so.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee consists of the three independent non-executive Directors, namely Mr. Yuan Yuan (Chairman), Professor Lam Sing Kwong Simon and Ms. Fang Weijin. Mr. Yuan Yuan possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company’s existing auditor, BDO Limited. The joint company secretaries are responsible for keeping the full minutes of the Audit Committee meetings. The draft and final versions of minutes of the meetings are sent to all Audit Committee members for their comments and records within a reasonable time after the meeting.

The Audit Committee has access to independent professional advice and is provided with sufficient resources to perform its duties.

The main duties of the Audit Committee include the following:

- a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- b) reviewing and monitoring the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and discussing with the auditor before the audit commences, the nature and scope of the audit and reporting obligations;



- c) developing and implementing policy on engaging an external auditor to supply non-audit services, and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- d) monitoring the integrity of the Company's financial statements, Annual Reports, accounts, interim reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee focuses particularly on:
 - 1) any changes in accounting policies and practices;
 - 2) major judgmental areas;
 - 3) adequacy of disclosure, consistency within the financial statements and with prior disclosures;
 - 4) significant adjustments resulting from the audit;
 - 5) the going concern assumptions and any qualifications;
 - 6) compliance with accounting standards; and
 - 7) compliance with the Listing Rules and legal requirements in relation to financial reporting;
- e) Regarding (d) above:
 - 1) liaising with the Board, the Senior Management and the person appointed as the Company's qualified accountant and meeting with the Company's auditors at least two times a year; and
 - 2) considering any significant or unusual items that are, or may need to be, reflected in the report and accounts, giving due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;
- f) reviewing the Company's financial controls and reviewing the Company's risk management and internal control systems;
- g) discussing the risk management and internal control system with the management to ensure that the management has performed its duty in implementing an effective system, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;



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- h) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the management's response to these findings;
- i) ensuring coordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
- j) reviewing the financial and accounting policies and practices of the Company and its subsidiaries. Special meetings may be convened at the discretion of the Chairman or at the request of the Senior Management to review significant control or financial issues;
- k) reviewing the external auditor's management letter, any material queries raised by the auditor to the management about accounting records, financial accounts or systems of control and the management's response;
- l) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- m) reviewing management's reports on the effectiveness of systems for internal control and financial reporting;
- n) acting as the key representative body for overseeing the Company's relations with the external auditor;
- o) making recommendations to the Board on the resolution of any disagreements between the management and the external auditor regarding financial reporting;
- p) discussing problems and reservations arising from the interim review and final audits, and any matters the external auditor may wish to discuss (in the absence of the management where necessary);
- q) reporting to the Board for decisions or suggestions made by the Audit Committee, unless there is any circumstance that such report is limited by law or regulatory restrictions;
- r) ensuring that the arrangements made by the Company enable the employees to raise concerns in confidence about possible improprieties in financial reporting, internal control or other matters, ensuring that proper arrangements are in place for the Company for fair and independent investigation of these matters and for appropriate follow-up action;
- s) reporting to the Board on the above matters;
- t) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;



- u) reviewing and monitoring the training and continuous professional development of Directors and the Senior Management;
- v) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- w) developing, reviewing and monitoring the Company's code of conduct and compliance manual, if any, applicable to employees and the Directors;
- x) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report in the Annual Report; and
- y) considering other topics, as defined by the Board from time to time.

During the Reporting Period, the Audit Committee has held three meetings, in which the Audit Committee has performed, among other things, the following tasks:

- reviewed the audited annual results and annual report for the year ended December 31, 2023;
- reviewed the unaudited interim results and interim report for the six months ended June 30, 2024;
- the Company's continuing connected transactions;
- in relation to the external auditor, reviewed their plans, reports and management letter, fees, involvement in non-audit services, and their terms of engagement;
- made recommendations to the Board for the re-appointment of the external auditor;
- reviewed the risk management and internal control systems and the effectiveness of the Company's internal audit function; and
- made recommendations to the Board for the change of the external auditor.

According to code provision D.3.3(e)(i) of the CG Code, the Audit Committee must meet with the Company's auditors at least twice a year. During the Reporting Period, the Audit Committee held three meetings (including two meetings with external auditors of the Company) to review the Company's financial report and accounts for the year ended December 31, 2024 as well as the Company's internal audit function and any recommendations on the management and control of internal risks. All members of the Audit Committee attended the meetings of the Audit Committee.

The Auditor was invited to attend the Audit Committee meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. The Audit Committee also met with the Auditor without the presence of management. The Audit Committee is satisfied with the independence and engagement of the Auditor. As such, the Audit Committee has recommended the re-appointment of the Auditor.



Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with the CG Code. The Remuneration Committee consists of two independent non-executive Directors, namely Professor Lam Sing Kwong Simon (Chairman) and Mr. Yuan Yuan, and one executive Director, namely Mr. Yang Xu.

The Remuneration Committee consults the Chairman and the Chief Executive Officer about its remuneration proposals for other executive Directors. The Remuneration Committee has access to independent professional advice and is provided with sufficient resources to perform its duties.

The main duties of the Remuneration Committee include the following:

- a) making recommendations to the Board on the Company's policy and structure for all Directors' and the Senior Management's remuneration and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- b) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- c) making recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management members, including benefits in kind, pension rights and compensation payments, including any compensation payable for the loss or termination of their office or appointment;
- d) making recommendations to the Board on the remuneration of non-executive Directors;
- e) considering salaries paid by comparable companies, time commitments, responsibilities and employment conditions elsewhere in the Group;
- f) reviewing and approving the compensation payable to executive Directors and the Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- g) reviewing and approving compensation arrangements relating to the dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- h) ensuring that no Director or any of his associates (as defined in the Listing Rules) is involved in determining his own remuneration;



- i) advising the Shareholders on how to vote with respect to any service contracts of Directors that require Shareholders' approval under the Listing Rules;
- j) reviewing the basis of and, if the Committee so decides, approving any significant discretionary payment to an employee who is neither a Director nor a member of the Senior Management but who is related to any Director or any member of Senior Management;
- k) making recommendations to the Board regarding the content of the Board's annual report to Shareholders on Directors' and Senior Management's remuneration (including the Company's policy on such persons' remuneration, details of individual remuneration and other terms and conditions);
- l) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- m) considering other matters that are related to remuneration paid or payable by the Group, as defined or assigned by the Board or imposed by the Listing Rules or applicable laws from time to time.

During the Reporting Period, the Remuneration Committee held one meeting, in which the Remuneration Committee has performed, among other things, the following tasks:

- reviewed and made recommendations to the remuneration policy and structure of Directors and Senior Management;
- assessed performance of executive Directors;
- reviewed and made recommendations to the Board on the remuneration packages and policy of independent non-executive Directors; and
- assessed performance of certain Directors and Senior Management and reviewed and made recommendations to the Board on the remuneration packages for certain Directors and Senior Management.

All members of the Remuneration Committee attended the meetings of the Remuneration Committee. Going forward, the Remuneration Committee will continue to hold at least one meeting each year to perform its duties and comply with its terms of reference in all aspects.



Remuneration Policy

The Directors' emolument package comprises Director's fee, basic salaries and allowance, bonuses, share options and others. The following factors were considered when determining Directors' remuneration package:

- business needs and company development;
- responsibilities of the Directors and individual contribution to the Group;
- changes in markets, e.g., attract and retain key talent by being market competitive; and
- incentivize sustainable long-term performance and long-term alignment with shareholders' interests.

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with the CG Code. The Nomination Committee consists of one executive Director, namely Mr. Yang Xu (Chairman), and two independent non-executive Directors, namely Professor Lam Sing Kwong Simon and Ms. Fang Weijin.

The Nomination Committee has access to independent professional advice at the Company's expense and is provided with sufficient resources to perform its responsibilities.

The main duties of the Nomination Committee include the following:

- a) proposing a set of personal attributes to the Board, the adoption of which shall form the basis of the evaluation of candidates for directorship;
- b) proposing a set of procedures for processing nominations of candidates for the Board's approval;
- c) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and recommending any proposed changes to the Board to complement the Company's corporate strategy;
- d) developing and maintaining the nomination policy for the directorship of the Company (the "**Nomination Policy**"), including the nomination procedures as well as the procedures and criteria for the Committee to identify, select and recommend candidates for directorship during the year;
- e) reviewing the Nomination Policy regularly and disclosing such policy and the progress towards the goals of the policy as set out in the Company's Corporate Governance Reports, reviewing and discussing any necessary amendments, and making recommendations to the Board for approval;



- f) developing and maintaining the Board Diversity Policy, monitoring the implementation of the Board Diversity Policy, and regularly reviewing and disclosing such policy or its highlights in the Company's Corporate Governance Reports, reviewing and discussing any necessary amendments, and making recommendations with respect to them to the Board for approval;
- g) identifying individuals suitably qualified to become Board members, considering factors including but not limited to whether the individual may bring different views and perspectives, skills and experience to the Board, and whether Board diversity can be promoted with the individuals' participation;
- h) selecting and nominating relevant individuals for directorships or making recommendations thereon to the Board in accordance with the Nomination Policy;
- i) assessing the independence of independent non-executive Directors, reviewing the independent non-executive Directors' annual confirmations on their independence and making disclosure of its review results in the Corporate Governance Reports;
- j) assessing the adequacy of time that a candidate nominated as a Director of the Company can devote for its directorship, considering factors including the number of other listed companies in which such candidate has a directorship;
- k) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer;
- l) deciding and making recommendations to the Board as to whether a Director is able to and has adequately carried out his duties as a Director of the Company; in particular, where the subject Director has multiple board representations;
- m) regularly reviewing and reporting to the Board the contributions required from and the suitability of Directors and the Senior Management to perform their responsibilities to the Company, and whether they are spending sufficient time performing them, to ensure that they meet the terms of employment and performance objectives;
- n) making recommendations to the Board as to the re-appointment or replacement of any Director or member of the Senior Management;
- o) where the Board proposes a resolution to elect an individual as a Director at the general meeting, setting out in the circular to Shareholders and in the case of an appointment of an independent non-executive Director, an explanatory statement accompanying the notice of the relevant general meeting:
 - 1) the process used for identifying the individual and why the Remuneration Committee believes the individual should be elected and the reasons why the Remuneration Committee considers him to be independent;
 - 2) if the proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board;



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- 3) the perspectives, skills and experience that the individual can bring to the Board; and
- 4) how the individual contributes to diversity of the Board.

During the Reporting Period, the Nomination Committee held one meeting, in which the Nomination Committee has performed, among other things, the following tasks:

- reviewed the structure, size and composition of the Board;
- made recommendations to the Board on the appointment and re-appointment of Directors; and
- assessed the independence of the independent non-executive Directors.

All members of the Nomination Committee attended the meetings of the Nomination Committee. Going forward, the Nomination Committee will continue to hold at least one meeting each year to perform its duties and comply with its terms of reference in all aspects.

NOMINATION POLICY FOR DIRECTORSHIP

Pursuant to Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to Article 16.3 of the Articles of Association, the Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall not be less than two. Subject to the provisions of the Articles of Association and the Cayman Companies Act, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors.

Pursuant to Article 16.6 of the Articles of Association, the Company may by ordinary resolution at any time remove any Director before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed.



The Board has adopted the Nomination Policy, which aims to set out the approach to enable the Nomination Committee to nominate a Director to the Board. Details of the policy and the related nomination procedure are set out as follows:

Director Selection Criteria

In the determination of the suitability of a candidate, the Nomination Committee will consider a range of factors, including but not limited to the following selection criteria, before making recommendations to the Board:

- reputation for integrity;
- experience in the entertainment industry and/or business strategy, management, legal and financial aspects;
- ability to assist the Board in effective performance of its responsibilities;
- the perspectives and skills that the proposed candidate is expected to bring to the Board;
- diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- commitment in respect of available time and relevant interest; and
- in the case of selection for independent non-executive Directors, the independence of the proposed candidate.

These factors are for reference only, and not meant to be exhaustive and decisive. Nomination Committee has the discretion to nominate any person, as it considers appropriate.

The Nomination Committee has the discretion to nominate any person as it considers appropriate. The Nomination Committee shall report its findings and make recommendations to the Board on the appointment of appropriate candidate for directorship for decision and succession planning. The ultimate responsibility for selection and appointment of Directors rests with the Board.



Nomination Procedure by the Nomination Committee

The Company has adopted a nomination procedure for the election of Directors. Such policy, devising the criteria and procedures of selection and performance evaluation, provides guidance to the Board on nomination and appointment of Directors of the Company.

The Nomination Committee shall call a meeting and invite nominations of candidates from Board members if any, for consideration by the committee prior to its meeting. Alternatively, such nomination may be approved by the committee by way of written resolutions. To fill a casual vacancy, the committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the committee shall make nominations to the Board for its consideration and recommendation.

The Board believes that the defined selection process is good for corporate governance in ensuring the Board continuity and appropriate leadership at Board level, and enhancing Board effectiveness and diversity.

Monitoring, Reporting and Review

The Nomination Committee will report annually on the Board's composition and make appropriate disclosures regarding the Board Diversity Policy in the Corporate Governance Report of the Company's annual reports.

The Board shall consider the recommendations from the Nomination Committee and make a decision as to whether the nominated candidate shall be eligible to be appointed as a director of the Company.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group and presenting a balanced, clear and understandable assessment in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

The statement of the auditor about its reporting responsibilities on the consolidated financial statements of the Company is set out in the section headed "Independent Auditor's Report" in this annual report.



RISK MANAGEMENT AND INTERNAL CONTROL

Adequate and effective risk management and internal control systems are key to safeguarding the achievement of the Company's strategic objectives. Risk management and internal control systems shall ensure the effective business operation, accuracy and reliability of the financial reporting, as well as the compliance with applicable laws, regulations and policies. The Board acknowledges that it is responsible for ensuring that the Company establishes and maintains sound risk management and internal control systems within the Group, and overseeing them and reviewing their effectiveness on an ongoing basis. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

Risk Management and Internal Control Systems

Our Board (through the Audit Committee) is responsible for establishing the Company's risk management and internal control systems. For the purposes of risk management and internal control, we have adopted various measures and procedures regarding our business operations.

The Company has formulated risk management and internal control management policies to construct a fundamental environment for risk management and internal control. The Company provides periodic training on these measures and procedures to our employees and regularly monitors their implementation in our game development, publishing and operation processes. Business departments actively cooperate with internal control and internal audit functions, report to the Senior Management on any important business development and how policies and strategies established by the Company are implemented within the department, and timely identify, assess and manage major risks. Risk management report, covering identified risks, evaluation and proposed responding measures, is submitted to the executive Directors periodically to monitor the whole implementation of our risk management policies across our Group on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our operations.

In addition, the Company has set up an internal control framework, which relates to business processes such as procurement, sales, human resources and payroll, game development, marketing, tax, capital, information security and intellectual property rights, financial reporting and disclosure. The risk bank has also been put in place and risk assessment is conducted on a regular basis to ensure the effective operation of risk management and internal control.

Lastly, the Company has established a whistleblowing policy and system for employees and those who deal with the Company (e.g., customers and suppliers) to raise concerns, in confidence and anonymity, in any such matters related to the Company.



Significant Risks of the Company

Below is a summary of the significant risks of the Company along with the applicable response strategies. The Company's risk profile may change and the list below is not intended to be exhaustive.

1. Financial Risk

We have adopted internal audit policies in connection with our financial risk management. Our audit department is responsible for conducting internal annual auditing, participating in the preparation of our budget plans and overseeing the implementation of our internal controls. We also plan to provide regular training to our audit department staff to ensure that they understand these policies.

2. Information Security Management

We have implemented internal control procedures to protect the safety of user data and ensure compliance with applicable regulatory requirements. Our information technology team monitors the operating status of our network devices, servers, operating systems and database, and responds to and deals with any issues that may arise in a timely manner. We have also established a company-wide policy on data collection and protection practices, which primarily includes: (i) providing adequate notice to players as to how their data is being collected and used; (ii) encrypting player data stored on our system and setting up cloud and external firewalls for our games; (iii) limiting access of player data to authorized employees; and (iv) making reasonable efforts to prevent loss or leakage of player data.

In addition, we entered into user privacy agreement with our players on data collection and protection, and we did not experience any material information leakage or loss of user data during the five financial years ended December 31, 2024.

3. Fraud Risk

In recent years, fraudulent activities have occurred frequently in the Internet and technology industry and therefore integrity has been an important concern. As the Company continues developing its business, its business scale and complexity increased, and consequently the fraud risk inevitably increased to a certain extent.

The Company, with its belief in the value of integrity, has zero tolerance for fraud, and is determined to fight against any fraudulent activities. The Group monitors fraudulent activities by establishing a code of conduct for employees and anti-fraud rules. The anti-fraud team consists of five members and is authorized to execute anti-fraud measures, including overseeing the implementation of the code of conduct for employees and taking disciplinary actions against non-compliance, handling complaints and whistle-blower reports, conducting internal investigations, reporting to the Board, and timely rectifying identified corrupt or fraudulent activities and taking preventative measures to avoid future non-compliance.



The Company has also established policies and systems that promote and support anti-corruption laws and regulations. We require our employees to follow our employee manual and code of business conduct and ethics, which contain internal rules and guidelines regarding best commercial practices, work ethics, fraud prevention mechanisms, negligence and corruption. We also carry out regular on-the-job compliance training for our Senior Management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility. We have also adopted an Anti-Corruption Policy and Internal Audit Policy to safeguard against any corruption within our Group. Our staff can anonymously report any suspected corrupt incident to our legal team. Our legal team is responsible for investigating the reported incidents and taking appropriate measures.

4. Legal Risk

We have a dedicated in-house legal team responsible for ensuring our mobile game operations' compliance with the relevant rules and regulations. Our legal department examines our contract terms, reviews all relevant licenses, approvals and permits required of us, conducts due diligence into our counterparties, and continuously monitors our compliance status and legal risks. With the assistance of external legal advisors, our Directors also continuously monitor our compliance with relevant laws and regulations.

5. Intellectual Property Risk

To manage IP risks, we carefully review the required documentation before the official launch of a game to spot any potential risks. We were not subject to any material IP-related complaints or allegations during the seven financial years ended December 31, 2024.

Inside Information

The Company attaches utmost importance to the proper handling and dissemination of inside information.

The Company has in place a framework for the handling and disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the Shareholders and stakeholders to assess the latest position of the Group. The framework and its effectiveness are subject to review on a regular basis according to established procedures.

Under the framework, to ensure the confidentiality and the timely disclosure of inside information, all employees are provided with learning materials and guidelines regarding the handling and dissemination of inside information on a yearly basis. IT system controls are implemented to ensure the access to sensitive data is restricted to authorized personnel only. If an employee is aware of any project, transaction, information or situation which he thinks could potentially be inside information, he should contact the joint company secretaries as soon as possible. Legal analysis and consultations with the Directors and Senior Management will be made so as to identify whether any such information constitutes inside information and is required to be disclosed to the public pursuant to the SFO.



Effectiveness of Risk Management and Internal Control

The Company has established its internal audit function, which is responsible for independently reviewing the adequacy and effectiveness of the Group's risk management and internal control system and reporting the results to the Audit Committee. The Audit Committee is responsible for conducting a review of the effectiveness of the Group's risk management and internal control systems, including all material controls (such as financial, operational and compliance controls), at least once every year.

The Audit Committee's process of reviewing the effectiveness of the risk management and internal control systems and resolving material internal control defects comprises of, among other things: (1) meetings with the business department, the internal audit department, the internal control department, legal team, and the external auditor (as the case maybe); (2) reviewing the relevant work reports and information of key performance indicators; (3) the Senior Management's self-assessment on internal control; and (4) discussing the significant risks with the Senior Management.

The Board has conducted a review of the adequacy and effectiveness of the Group's risk management and internal control systems throughout the year ended December 31, 2024, and considers that they are adequate and effective. The Board has also received a confirmation from the management on the effectiveness of the Group's risk management and internal control systems throughout the year ended December 31, 2024.

In addition, based on the report of the Audit Committee, the Board believes that the Company's accounting, internal audit and financial reporting functions, and ESG performance and reporting have been performed by staff with the appropriate qualifications and experience and that such staff receives appropriate and sufficient training and development. The Board also believes that sufficient resources and an adequate budget have been obtained for such functions.

JOINT COMPANY SECRETARIES

Mr. Zhu Chengyin and Ms. Yung Mei Yee, a vice president of SWCS Corporate Services Group (Hong Kong) Limited (an external company secretarial service provider) have been appointed as the Company's joint company secretaries. They are responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

Ms. Yung Mei Yee was appointed to assist Mr. Zhu Chengyin in discharging his duties as a company secretary of the Company. The primary corporate contact person at the Company is Mr. Zhu Chengyin, the director of capital markets and the joint company secretary of the Company.

Reference is made to the announcement dated December 13, 2024 regarding the update on qualification of the joint company secretary. The Company has obtained confirmation from the Stock Exchange that Mr. Zhu Chengyin is qualified to act as the company secretary of the Company under Rules 3.28 and 8.17 of the Listing Rules without further waiver upon expiry of the waiver period on December 15, 2024. Given the operations of the Company and its subsidiaries are principally located in Chinese Mainland, in order to pursue the highest standard of corporate governance and to ensure effective management of the Company, while Mr. Zhu Chengyin is qualified as a company secretary under the Listing Rules, the Company will continue to retain the arrangement of joint company secretaries under which Ms. Yung Mei Yee, the current joint company secretary currently based in Hong Kong, will assist Mr. Zhu Chengyin in performing his duties.



For the year ended December 31, 2024, Mr. Zhu Chengyin and Ms. Yung Mei Yee have undertaken not less than 15 hours of relevant professional training, respectively, in compliance with Rule 3.29 of the Listing Rules.

The Board is responsible for approving the selection, appointment or dismissal of a company secretary. A physical Board meeting instead of a written resolution should be used to deal with the appointment and dismissal of a company secretary.

DIVIDEND POLICY

The Company does not have any pre-determined dividend payout ratio. The payment and the amount of dividends will be at the discretion of the Board and will also depend on factors such as the Company's results of operations, cash flow, capital requirements, general financial condition, contractual restrictions, future prospects and other factors that the Board deems relevant. Any declaration and payment as well as the amount of dividends will be subject to the Articles of Association and the Cayman Companies Act. Subject to the Cayman Companies Act and the Articles of Association, the Company in general meeting may declare dividends, but shall not exceed the amount recommended by the Board. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board believes that effective and on-going communication with the Shareholders and prospective investors is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely, equal, ready and regular disclosure of its corporate information, which enables the Shareholders and investors to make the best informed investment decisions.

The Chairman is responsible for ensuring that appropriate steps are taken to provide effective communication with the Shareholders and that their views are communicated to the Board as a whole. The Company has in place a policy (the "**Shareholders' Communication Policy**") to promote effective and on-going communication between the Company and the Shareholders and to ensure that the Shareholders' views and concerns are communicated to the Board and appropriately addressed. As part of its regular review, the Board has reviewed the Shareholders' Communication Policy for the year ended December 31, 2024 and is of the view that the policy is effective and adequately implemented.

General Meetings

The Company encourages Shareholders' active participation in annual general meetings and other general meetings or other proper means. As such, pursuant to Article 12.4 of the Articles of Association, the Company sends notices to Shareholders at least 21 clear days before the meeting for annual general meetings and at least 14 clear days for all other general meetings. The Company's general meetings provide a transparent and open platform for the Company's Shareholders to communicate with the Board and the Senior Management.

The Chairman will attend and invite the chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee to attend all annual general meetings. They will be available to answer questions at the annual general meetings. The Company's management also ensures that the external auditor attends all annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.



CORPORATE GOVERNANCE REPORT

In order to ensure that Shareholders' interests and rights are adequately protected, a separate resolution will be proposed by the Chairman for each substantially separate issue at the general meetings. There will be no "bundling" of resolutions unless they are interdependent and linked forming one significant proposal. When resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting.

All resolutions will be voted by poll pursuant to the Articles of Association and the Listing Rules. To ensure that the Shareholders are familiar with the detailed procedures for conducting a poll, detailed procedures for conducting a poll are explained at the commencement of the general meetings, and all questions from the Shareholders on the voting procedures will be answered before the poll voting starts. Poll results will be posted on the Company's website and the Stock Exchange's website after each general meeting.

Other Communications

The Company will publish in a timely manner both English and Chinese versions of (i) any corporate communication (as defined in the Listing Rules) of the Company that requires Shareholders' attention or action, and (ii) announcements relating to matters to be disclosed under the Listing Rules (including but not limited to those involving inside information, corporate actions and corporate transactions).

The Company also ensures that the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, maintains the most up-to-date information relating to the Shares at all times so that it can respond effectively to the Shareholders' enquiries.

The Company maintains a website at www.qcplay.com/notice.html as a communication platform with the Shareholders and investors, where information on the Company's announcements, financial information and other information are available for public access. Shareholders and investors may send enquiries or requests to the Company, for the attention of the Board, as follows:

Address: 4 Wang Hai Road, Xiamen Software Park II, Xiamen, Fujian Province, PRC
Postcode: 361008
Email: ir@qcplay.com

The Company continues to enhance communications and relationships with Shareholders and investors. Designated Senior Management members maintain regular dialogue with institutional investors and analysts to keep them posted on the Company's developments. Enquiries from Shareholders and investors are dealt with in an informative and timely manner.



SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

Pursuant to Article 12.3 of the Articles of Association, extraordinary general meetings shall be convened on the written requisition of any one or more Shareholders holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid-up capital of the Company which carries the right of voting at general meetings of the Company. The written requisition shall be deposited at the Company's principal office in Hong Kong (or the Company's registered office in the event the Company ceases to have such a principal office), specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board. Any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

Putting Forward Proposals at General Meetings

There is no provision allowing the Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director (Article 16.4) under the Cayman Companies Act or the Articles of Association. Shareholders who wish to put forward a resolution may follow the procedures set out in the preceding paragraph to request the Company to convene an extraordinary general meeting for any business specified in such written requisition.

DISCLOSURE OF OTHER INFORMATION

The Company is required to disclose certain information pursuant to the Listing Rules and the CG Code. Set out below is the information which has not been covered above.

Changes in Constitutional Documents

No changes have been made to the Company's memorandum and articles of association ("**M&A**") by the Company during the Reporting Period. The latest version of the M&A is available on the websites of the Stock Exchange and the Company.



Auditor's Remuneration

For the year ended December 31, 2024, the fee paid/payable to the external auditor of the Company, BDO Limited, in respect of audit services and non-audit services is set out as follows:

Type of services provided by the external auditor	Amount RMB'000
Assurance service:	2,700
Non-assurance service:	—
Total	2,700

For the year ended December 31, 2024, the fee paid/payable to the resigned external auditor of the Company, PricewaterhouseCoopers, in respect of audit services and non-audit services is set out as follows:

Type of services provided by the resigned external auditor	Amount RMB'000
Assurance service:	1,500
Non-assurance service (ESG consulting services):	171
Total	1,671

Model Code for Securities Transactions

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding the transactions of securities of the Company by its Directors. The Directors have confirmed, following specific enquiries by the Company, compliance with the required standard set out in the Model Code and its code of conduct for the year ended December 31, 2024.

The Company has also established written guidelines for dealings in the Company's securities by employees or directors of the Group who are likely to possess inside information of the Company or the Company's securities (the "**Guidelines for Securities Dealings by Relevant Employees**") on terms no less exacting than the Model Code. During the year ended December 31, 2024, no incident of non-compliance with the Guidelines for Securities Dealings by Relevant Employees has been noted by the Company.

Directors and Officers Liability Insurance

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against the Directors and the Company's officers.



Independent Auditor's Report

To the Shareholders of Qingci Games Inc.

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Qingci Games Inc. (the “Company”) and its subsidiaries (together the “Group”) set out on pages 139 to 238, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REVENUE RECOGNITION ON ONLINE GAME OPERATING SERVICES – ESTIMATES OF LIFESPAN OF IN-GAME VIRTUAL ITEMS

During the year ended 31 December 2024, the Group generated revenue from its online game operating services amounted to approximately RMB593 million, representing approximately 95% of the Group's revenue.

The Group recognised revenue from sales of in-game virtual items ratably over the lifespan of in-game virtual items determined by management with reference to the expected playing period of paying players ("Player Relationship Period") when the Group determined that it is obligated to provide on-going services to game players.

We focused on this area because the determination of the lifespan of the in-game virtual items with reference to the expected Player Relationship Period is subject to high degree of estimation uncertainty. The inherent risk in relation to the determination of the lifespan of the in-game virtual items with reference to the expected Player Relationship Period is considered significant due to subjectivity of significant assumptions used and significant judgments involved in the relevant determination. These judgments and estimates included (i) the determination of key assumptions applied in the expected Player Relationship Period, including but not limited to games profile (including historical players' consumption patterns, churn rates, and games life-cycle), target audience and its appeal to players of different demographics groups, and the Group's marketing strategy; and (ii) the identification of events that may trigger changes in the expected Player Relationship Period.



KEY AUDIT MATTERS (CONTINUED)

REVENUE RECOGNITION ON ONLINE GAME OPERATING SERVICES – ESTIMATES OF LIFESPAN OF IN-GAME VIRTUAL ITEMS (CONTINUED)

Our response:

Our procedures performed in relation to the estimation of lifespan of in-game virtual items included:

- We obtained an understanding of management's internal control and assessment process of estimates of lifespan of in-game virtual items and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity, changes and susceptibility to management bias. We assessed, on a sample basis, key internal controls in respect of the recognition of revenue from sales of in-game virtual items, including management's review and approval of (i) determination of the estimated lifespans of new virtual items prior to their launches; and (ii) changes in the estimated lifespans of existing virtual items based on periodic reassessment on any indications triggering such changes.
- We evaluated the judgments and estimates made by management in determining the lifespan of in-game virtual items with reference to the expected Player Relationship Periods including nature of virtual items, the games profile, the target audience, marketing strategy, players of different demographics groups of the relevant games with reference to the nature of games, historical operating data, marketing data and practice, and our industry knowledge.
- We also retrospectively evaluated, on a sample basis, the outcome of prior period assessment of the expected Player Relationship Periods to assess the effectiveness of management's estimation process by comparing the actual users' relationship periods against the original estimation.
- We and our internal IT specialist, checked, on a sample basis, the data integrity of historical players' consumption patterns and calculation of the churn rates used in determining the Player Relationship Periods.
- We also considered whether the judgments made in determinations of estimates of lifespan of in-game virtual items would give rise to indicators of possible management bias.

Based on the procedures performed, we considered that the significant judgments and estimates adopted by management in the assessment of lifespan of in-game virtual items are supported by the evidence obtained.

OTHER MATTERS

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 26 March 2024.



INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited

Certified Public Accountants

IP Ka Ming

Practising Certificate Number P08322

Hong Kong, 27 March 2025



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	627,962	905,737
Cost of sales	6	(264,847)	(347,861)
Gross profit		363,115	557,876
Selling and marketing expenses	6	(215,978)	(429,210)
Research and development expenses	6	(106,142)	(105,524)
General and administrative expenses	6	(61,027)	(48,991)
Net impairment losses on financial assets	6	132	(821)
Fair value changes on investments measured at fair value through profit or loss	8	60,915	(8,984)
Other income	9	6,123	13,262
Other losses, net	10	(4,746)	(4,574)
Operating profit/(loss)		42,392	(26,966)
Finance income		12,142	15,793
Finance costs		(2,135)	(2,670)
Finance income, net	11	10,007	13,123
Share of results of investments accounted for using equity method	18	(397)	(1,814)
Losses on impairment of investments accounted for using the equity method	18	(4,976)	(9,308)
Profit/(loss) before income tax		47,026	(24,965)
Income tax credit/(expenses)	12	102	(12,635)
Profit/(loss) for the year		47,128	(37,600)
Other comprehensive income:			
Items that may be reclassified to profit or loss			
– Currency translation differences		16,833	21,323
Total comprehensive income for the year		63,961	(16,277)



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024 RMB'000	2023 RMB'000
Profit/(loss) for the year attributable to:			
Equity holders of the Company		51,120	(37,371)
Non-controlling interests		(3,992)	(229)
		47,128	(37,600)
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		68,246	(16,098)
Non-controlling interests		(4,285)	(179)
		63,961	(16,277)
Earnings/(loss) per share for profit for the year attributable to the equity holders of the Company			
Basic earnings/(loss) per share (RMB)	13	0.07	(0.05)

The notes on pages 146 to 238 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	14,055	17,141
Right-of-use assets	15	18,279	22,522
Intangible assets	16	1,536	–
Deferred tax assets	17	29,841	23,684
Investments accounted for using the equity method	18	32,863	38,236
Long-term investments measured at fair value through profit or loss	20	161,254	168,546
Prepayments, deposits and other assets	21	36,363	48,293
		294,191	318,422
Current assets			
Trade receivables	22	39,198	68,096
Inventories		1,022	1,327
Prepayments, deposits and other assets	21	50,459	84,128
Short-term investments measured at fair value through profit or loss	23	1,146,208	988,852
Cash and cash equivalents	24	449,975	538,003
		1,686,862	1,680,406
Total assets		1,981,053	1,998,828
EQUITY			
Share capital	25	44	44
Share premium	25	5,117,821	5,117,821
Other reserves	26	(2,893,722)	(2,910,848)
Accumulated deficit		(408,568)	(459,688)
Equity attributable to equity holders of the Company		1,815,575	1,747,329
Non-controlling interests		(8,754)	(4,469)
Total equity		1,806,821	1,742,860



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	28	8,694	15,193
Borrowings	29	–	19,974
Deferred tax liabilities	17	21	–
		8,715	35,167
Current liabilities			
Trade payables	30	25,163	78,581
Other payables and accruals	31	64,723	82,935
Contract liabilities	27	38,849	42,090
Current income tax liabilities		4,944	318
Lease liabilities	28	11,864	9,193
Short-term liabilities measured at fair value through profit or loss	23	–	7,671
Borrowings	29	19,974	13
		165,517	220,801
Total liabilities		174,232	255,968
Total equity and liabilities		1,981,053	1,998,828

The notes on pages 146 to 238 are an integral part of these consolidated financial statements.

The financial statements on pages 139 to 238 were approved by the Board of Directors on 27 March 2025 and were signed on its behalf.

Huang Zhiqiang
Director

Liu Siming
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2024

Notes	Attributable to equity holders of the Company						
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated deficit RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 January 2024	44	5,117,821	(2,910,848)	(459,688)	1,747,329	(4,469)	1,742,860
Comprehensive income							
Profit for the year	-	-	-	51,120	51,120	(3,992)	47,128
Other comprehensive income							
– Currency translation differences	-	-	17,126	-	17,126	(293)	16,833
Total comprehensive income for the year	-	-	17,126	51,120	68,246	(4,285)	63,961
As at 31 December 2024	44	5,117,821	(2,893,722)	(408,568)	1,815,575	(8,754)	1,806,821

Notes	Attributable to equity holders of the Company						
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated deficit RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 January 2023	44	5,117,821	(2,932,121)	(422,317)	1,763,427	(4,527)	1,758,900
Comprehensive income							
Loss for the year	-	-	-	(37,371)	(37,371)	(229)	(37,600)
Other comprehensive income							
– Currency translation differences	-	-	21,273	-	21,273	50	21,323
Total comprehensive income for the year	-	-	21,273	(37,371)	(16,098)	(179)	(16,277)
Transaction with owners in their capacity as owners							
Acquisition of a subsidiary	33	-	-	-	-	237	237
Total transactions with owners in their capacity as owners for the year	-	-	-	-	-	237	237
As at 31 December 2023	44	5,117,821	(2,910,848)	(459,688)	1,747,329	(4,469)	1,742,860

The notes on pages 146 to 238 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	34	17,341	17,221
Income tax paid		(7,965)	(20,445)
Net cash generated from/(used in) operating activities		9,376	(3,224)
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(2,414)	(3,578)
Proceeds from sale of property, plant and equipment	14	78	–
Purchases of intangible assets	16	(1,834)	–
Purchase of long-term investments measured at fair value through profit or loss	20	(13,561)	(8,000)
Purchase of short-term financial assets at fair value through profit and loss	23	(534,756)	(1,182,570)
Redemption of short-term financial assets at fair value through profit and loss	23	474,896	716,632
Purchase of investments accounted for using the equity method	18	–	(10,000)
Repayment from/(loans to) third parties	21	5,031	(9,031)
Loans to employees	21	(1,500)	–
The amounts repaid from related and related parties	21	3,837	–
Prepayment for purchase of short-term financial assets at fair value through profit and loss	21	(14,377)	–
Cash receipts of deposits for foreign exchange forward contracts		–	8,573
Purchase of short-term financial liabilities at fair value through profit and loss	23	64,362	–
Redemption of short-term financial liabilities at fair value through profit and loss	23	(73,343)	–
Cash acquired in business combination	33	–	872
Dividends from long-term investments measured at fair value through profit or loss	9	1,812	32
Interest received		7,447	–
Net cash used in investing activities		(84,322)	(487,070)



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from financing activities			
Proceeds from borrowings	29	–	20,000
Repayments of borrowings (including interests)	29	(13)	(400)
Payment for lease liabilities (including interests)	15	(11,597)	(9,681)
Net cash (used in)/generated from financing activities		(11,610)	9,919
Net decrease in cash and cash equivalents		(86,556)	(480,375)
Cash and cash equivalents at the beginning of the year		538,003	1,001,922
Effects of exchange rate changes on cash and cash equivalents		(1,472)	16,456
Cash and cash equivalents at the end of the year	24	449,975	538,003

The notes on pages 146 to 238 are an integral part of these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Qingci Games Inc. (the “Company”) is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 12 March 2021.

The Company is an investment holding company. The Company and its subsidiaries, including consolidated structured entities (together, the “Group”) are principally engaged in development and operation of mobile games and provision of information services in the People’s Republic of China (the “PRC”) and other areas. For the purpose of preparing the consolidated financial statements, mainland China refers to the PRC excluding Hong Kong Special Administrative Region of the PRC (“Hong Kong”), Macau Special Administrative Region of the PRC (“Macau”) and Taiwan Province of the PRC.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 16 December 2021.

As at 31 December 2024, the Company has direct and indirect interests in the following subsidiaries:

Name	Place of incorporation/ establishment and kind of legal entity	Particulars of issued/ registered capital	Effective interest held As at 31 December		
			2023	2024	Principal activities and place of operation
Subsidiaries					
Directly held:					
Qingci Holding Limited ("Qingci Holding")	British Virgin Islands, limited liability company	USD1	100%	100%	Investment holding, British Virgin Islands
Indirectly held:					
Qingci (HK) Limited	Hong Kong, limited liability company	HKD100	100%	100%	Investment holding, Hong Kong
QC Interactive Technology Co., Ltd. (廈門青瓷互動科技有限公司, the “WFOE”)	Xiamen, China, limited liability company	RMB100,000,000	100%	100%	Management consultation, Xiamen, China
Qingji Limited (青集有限公司)	Hong Kong, limited liability company	HKD100	100%	100%	Management consultation, Hong Kong



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. GENERAL INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

Name	Place of incorporation/ establishment and kind of legal entity	Particulars of issued/ registered capital	Effective interest held As at 31 December		Principal activities and place of operation
			2023	2024	
Subsidiaries (continued)					
Indirectly held: (continued)					
QC-Game Digital Technology (Hongkong) Co., Limited (香港青瓷數碼技術有限公司, “QC HK”)	Hong Kong, limited liability company	USD1,000,000	100%	100%	Game operation, Hong Kong
Shanghai Qingxin Management Consulting Co., Ltd. (上海青歆管理諮詢有限公司)	Shanghai, China, limited liability company	RMB10,000,000	100%	100%	Consultation, Shanghai, China
Qingyu Limited (青予有限公司)	Hong Kong, limited liability company	HKD10,000	80%	80%	Game operation, Hong Kong
QCPlay Inc.	Japan, limited liability company	JPY50,000,000	100%	100%	Game operation, Japan
BARLEY PLAY PTE. LTD.	Singapore, limited liability company	USD1,000	100%	100%	Game operation Singapore
Qingcheng Digital Technology (Hongkong) Co., Limited (香港青城數碼科技有限公司)	Hong Kong, limited liability company	USD145,000	80%	80%	Game operation, Hong Kong
ULTRAPLAYERS GAME PTY LTD	Australian, limited, Liability company	AUD100,000	100%	100%	Game operation, Australian
QCPLAY GAMES LIMITED	Hong Kong, limited liability company	HKD2,997,700	100%	100%	Game development and operation, Hong Kong
QCPLAY CO., Ltd	Korea, limited liability company	KRW500,000,000	100%	100%	Investment holding, Korea
Ultraplayers HK Limited	Hong Kong, limited liability company	USD500,000	100%	100%	Investment holding, Hong Kong
上海青司管理諮詢有限公司	Shanghai, China, limited liability company	RMB150,000,000	100%	100%	Investment holding, Shanghai, China



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. GENERAL INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

Name	Place of incorporation/ establishment and kind of legal entity	Particulars of issued/ registered capital	Effective interest held As at 31 December		Principal activities and place of operation
			2023	2024	
Subsidiaries (continued)					
Structured entities controlled via the Contractual Arrangements:					
QC-Game Digital Technology (Xiamen) Co., Ltd (廈門青瓷數碼技術有限公司, “QC Digital”)	Xiamen, China, limited liability company	RMB14,270,513	100%	100%	Game development and operation, Xiamen, China
QC-Game Cultural Communication (Xiamen) Co., Limited (廈門青瓷文化傳播有限公司)	Xiamen, China, limited liability company	RMB10,000,000	100%	100%	Game development and operation, Xiamen, China
QC Chengdu Interactive Co., Limited (成都青瓷互動網絡科技有限 公司)	Chengdu, China, limited liability company	RMB5,000,000	100%	100%	Game operation, Chengdu, China
QC Chengdu Media Co., Limited (成都青瓷傳媒有限公司)	Chengdu, China, limited liability company	RMB2,000,000	60%	60%	Game operation, Chengdu, China
QC Chengdu Software Co., Limited (成都青瓷軟件技術有限公司)	Chengdu, China, limited liability company	RMB2,000,000	60%	60%	Game operation, Chengdu, China
Xiamen Qingyi Network Technology Co., Ltd. (廈門青亦網絡科技有限公司)	Xiamen, China, limited liability company	RMB10,000,000	100%	100%	Operation, Xiamen, China
Chengdu celadon light network technology Co., Ltd. (成都青瓷拾光網絡科技有限 公司)	Hong Kong, limited liability company	RMB10,000,000	100%	100%	Game operation, Chengdu, China
Chengdu Niuwanqihao Cultural Creativity Co., Ltd. (成都牛玩柒號文化創意有限 公司)	Japan, limited liability company	RMB375,000	60%	60%	Products design Chengdu, China

The English names of certain subsidiaries referred herein represent the directors' best effort at translating the Chinese names of these companies as no English names have been registered.

All companies comprising the Group have adopted 31 December as their financial year end date.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in note 4.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2024:

Amendments to HKAS 1	Non-current Liabilities with Covenants & Classification of Liabilities as Current or Non-current
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

These standards and amendments listed above did not have any impact on the amounts recognized in prior periods or disclosure are not expected to significantly affect the current or future periods.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1. Basis of preparation (continued)

(b) **New standards and amendments not yet adopted by the management of the Group**

There are a number of standards, amendments to standards, and interpretations which have been issued by the HKICPA that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning on or after 1 January 2025:

- Lack of Exchangeability (Amendments to HKAS 21)

The following amendments are effective for the period beginning on or after 1 January 2026:

- Classification and Measurement of Financial Instruments (Amendments to HKFRS 9 and HKFRS 7)
- Sale or Contribution of Assets between an investor and its Associate or Joint Venture (Amendments to HKFRS 10 and HKAS 28)

The following amendments are effective for the period beginning on or after 1 January 2027:

- HKFRS 18 Presentation and Disclosure in Financial Statements
- HKFRS 19 Subsidiaries without Public Accountability: Disclosures

Except for HFFRS 18 which would affect the presentation and disclosure of the Group's financial statements, these standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2. Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statements, consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statements of financial position respectively.

2.2.1. Subsidiaries controlled through Contractual Arrangements

The wholly owned subsidiary of the Company, the WFOE (Note 1), has entered into the Contractual Arrangements with QC Digital, which enable the WFOE and the Group to:

- exercise power to direct the PRC Consolidated Affiliated Entities' relevant activities;
- exercise equity holders' voting rights of the PRC Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the PRC Consolidated Affiliated Entities, in consideration for the business support by the WFOE, at the WFOE's discretion;
- obtain an irrevocable and exclusive right to purchase all equity interests in QC Digital from its registered equity holders at a nominal consideration unless the relevant government authorities request that another amount be used as the purchase consideration and in which case the purchase consideration shall be such amount. Where the purchase consideration is required by the relevant government authorities to be an amount other than a nominal amount, the registered equity holders of QC Digital shall return the amount of purchase consideration they have received to the WFOE. At the WFOE's request, the registered equity holders of QC Digital will promptly and unconditionally transfer their respective equity interests in QC Digital to the WFOE (or its designee within the Group) after the WFOE exercises its purchase right; and



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2. Subsidiaries (continued)

2.2.1. Subsidiaries controlled through Contractual Arrangements (continued)

- obtain a pledge over the entire ownership interests of QC Digital from its registered equity holders to secure performance of their obligations under the Contractual Arrangements.

As a result of the Contractual Arrangements, the Company has rights to exercise power over the PRC Consolidated Affiliated Entities, receive variable returns from its involvement with the PRC Consolidated Affiliated Entities, and has the ability to affect those returns through its power over the PRC Consolidated Affiliated Entities. Therefore, the Company is considered to control the PRC Consolidated Affiliated Entities. Consequently, the Company regards the PRC Consolidated Affiliated Entities as controlled structured entities and consolidates the financial positions and results of operations of these entities in the consolidated financial statements of the Group.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the PRC Consolidated Affiliated Entities and such uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the PRC Consolidated Affiliated Entities. The directors, based on the advice of its legal counsel, consider that the Contractual Arrangements are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

2.2.2. Business combination

The Group applies the acquisition method to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2. Subsidiaries (continued)

2.2.2. Business combination (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss. Amounts classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognized in profit or loss.

2.2.3. Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2. Subsidiaries (continued)

2.2.4. Disposal of subsidiaries

When the Group ceases to consolidate a subsidiary because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

2.3. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. All investments in associates in the form of ordinary shares with significant influence are accounted for using the equity method of accounting, after initially being recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an investment accounted for using the equity method equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the investees have been changed where necessary to ensure consistency with the policies adopted by the Group.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3. Associates (continued)

The Group determines at each reporting date whether there is any objective evidence that investments accounted for using the equity method are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognizes the amount in “Losses on impairment of investments accounted for using the equity method” in the consolidated income statements.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2.4. Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Game licenses and prepayments for game licenses and sharing of proceeds are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Group regularly assesses the possibility whether relevant games could be successfully published based on all available information, including market trend, testing results, and business performance of comparable games, if applicable, to assess impairment indicator of those prepayments (Note 21).



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5. Financial assets

2.5.1. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI). For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.5.2. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The Group derecognizes a financial asset, if the part being considered for derecognition meets one of the following conditions: (a) the contractual rights to receive the cash flows from the financial asset expire; or (b) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (c) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows ("pass through" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5. Financial assets (continued)

2.5.3. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other (losses)/gains together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other (losses)/gains. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other (losses)/gains and impairment expenses are presented as separate line item in the statement of comprehensive income.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "Fair value changes on investments measured at fair value through profit or loss" in the period in which it arises.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5. Financial assets (continued)

2.5.3. Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established. Changes in the fair value of financial assets measured at FVPL are recognised in other (losses)/gains in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.5.4. Impairment

Trade receivables and other receivables are subject to HKFRS 9's new expected credit loss model. While cash and cash equivalents, restricted cash and short-term investments measured at fair value through profit or loss are also subject to the impairments requirements of HKFRS 9, the identified impairment losses were immaterial.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group uses practical expedients when estimating lifetime expected credit losses on trade receivables, which is calculated using a provision matrix where a fixed provision rate applies depending on the number of days that a trade receivable is outstanding.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6. Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.6.1. Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.6.2. Deferred income tax inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6. Current and deferred income tax (continued)

2.6.2. Deferred income tax inside basis differences (continued)

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

2.6.3. Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.7. Revenue recognition

Revenue is recognized when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. The following is a description of the accounting policy for our principal revenue streams:

The Group is a publisher of mobile games developed by itself or game developers. The Group publishes its self-developed mobile games or licensed mobile games from game developers and earns game operating revenue by publishing them to the game players through distribution channels, e.g. online application stores (such as Apple Inc.'s App Store ("Apple App") and Android based App Stores ("Android App")), as well as web-based and mobile game portals, including the Group's own websites (collectively referred to as "Distribution Channels").

The games published by the Group are operated under free-to-play model whereby game players can play the games free of charge and are charged for the purchase of in-game virtual items via payment channels, such as the third-party internet payment systems (the "Payment Channels").



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7. Revenue recognition (continued)

2.7.1. Game operating revenue

When the Group publishes mobile games developed by game developers, proceeds earned from selling in-game virtual items, are shared between the Group and the game developers, with the amount paid to the developers generally calculated based on amounts paid by players, after deducting the fees paid to Payment Channels and Distribution Channels and multiplied by a predetermined percentage for each game.

The Group evaluates agreements with the game players, game developers, Distribution Channels and Payment Channels in order to determine whether or not the Group acts as the principal or as an agent for the goods or service provided to the customer in the arrangement with each party respectively, which it considers in determining if relevant revenues should be reported gross or net of the predetermined amount of the proceeds shared with the other parties. The determination of whether to record the revenues gross or net is based on an assessment of various factors, including but not limited to whether the Group (i) is primarily responsible for fulfilling the promise to provide the specified good or service. This typically includes responsibilities for acceptability of the specified good or service (for example, primary responsibility for the good or service meeting customer specification); (ii) has inventory risk before the specified good or service has been transferred to a customer, or after transferring the control to the customer (for example, if the customer has a right of return); (iii) has latitude in establishing the prices for the specified goods or services; (iv) has discretion in selection of suppliers.

During the reporting period, the Group takes primary responsibilities in game operation. The Group considered itself as a principal in game operating arrangements and recorded game operating revenues on a gross basis.

Under the arrangements that the Group takes primary responsibilities, the Group considered that (i) the Group is generally the initiator who raise ideas and plans for providing specification, modification or update of the game products or services desired by the game players; (ii) for licensed games, the Group has power to determine game content and to provide game services and products relating to gaming experience to game players; (iii) besides publishing, providing payment solution and marketing promotion, the Group has the right to determine the pricing of in-game virtual items or charge of game downloading (if needed), as well as the selection of Distribution Channels and the Payment Channels. Thus, the Group views game players to be its customers and considers itself as the principal to provide goods or service to game players. Accordingly, the Group records the online game revenue under such arrangements on a gross basis. Commission fees paid to Distribution Channels and Payment Channels and license fees paid to third party game developer (if any) are recorded as cost of revenues.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7. Revenue recognition (continued)

2.7.1. Game operating revenue (continued)

Where the Group is acting as a principal under the free-to-play model, the Group has determined that it is obligated to provide on-going services to game players, who purchased virtual items to gain an enhanced game-playing experience, and accordingly, the Group recognizes the revenues derive from sale of virtual items as below:

Consumable virtual items represent items that are extinguished after consumption in the form of fixed charges levied. The paying players will not continue to benefit from the virtual items thereafter. Revenue is recognised (as a release from contract liabilities) when the items are consumed and the related services are rendered.

Durable virtual items represent items that are accessible and beneficial to paying players over an extended period of time. Revenue is recognised ratably over the average life of durable virtual items for the applicable game, which the Group makes best estimates to be the average playing period of paying players ("Player Relationship Period").

The Group estimates the Player Relationship Period on a game-by-game basis. If there is insufficient data to determine the Player Relationship Period, such as in the case of a newly launched game, it estimates the Player Relationship Period based on other similar types of games developed by the Group or by third party developers until the new game establishes its own patterns and history. The Group considers the games profile, target audience, and its appeal to players of different demographics groups in estimating the Player Relationship Period. While the Group believes its estimates to be reasonable based on available game player information, it may revise such estimates in the future as the games' operation periods change, sufficient individual game data become available, or there is indication that the similarities in characteristics and playing patterns of paying players of the games change. Any adjustments arising from changes in Player Relationship Period would be applied prospectively on the basis that such changes are caused by new information indicating a change in game player behaviour patterns.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7. Revenue recognition (continued)

2.7.2. Game licensing revenue

The Group derives revenue from licensing its self-developed games to game publishers, who operate the Group's mobile games in defined regions or countries within a specific period. The licensing fees normally comprise of non-refundable fixed licensing fees (either up-front or under specific payment schedule) and variable licensing fees calculated based on prescribed terms.

The Group has evaluated the respective roles and responsibilities of the Group and game publishers in the delivery of game experience to players and concluded that game publishers have the primary responsibility in these licensing arrangements as they are responsible for marketing and promotion of the games in the market, hosting the game servers, determining the price of the in-game virtual items, selection of distribution and payment channels and providing customer services, and therefore have exposure to the significant risks and rewards associated with the operation of these games under the licensing arrangements. Accordingly, the variable licensing fees (revenue share), which are calculated based on a prescribed percentage of the proceeds received from game publishers, are recognized as revenue on a net basis when the sales occur. The nonrefundable fixed licensing fees are initially recorded as contract liabilities and are then recognized as revenue rateably over the license period as the licensing arrangements are considered to be right-to-access licensing arrangements.

2.7.3. Information service revenue

Information service revenue mainly represents revenue generated from in-game marketing and promotion services, which mainly comprises revenues derived from performance based in-game marketing and promotion services provided by the Group. Performance based marketing and promotion contracts are signed between the Group and advertisers or their agencies to establish the service to be provided by the Group and relevant performance measures.

Revenue from performance-based in-game marketing and promotion service is recognized when relevant actual performance measures of in-game marketing and promotion services are fulfilled, such as delivery of download, purchase or registration etc.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7. Revenue recognition (continued)

2.7.4. Other revenue

The Group also generates revenue from providing technical supporting services and selling game-related merchandise. Revenue is recognized when the service is rendered or related merchandise are delivered and accepted by customers.

2.7.5. Practical expedients applied

The Group generally expenses contract acquisition cost when incurred because the amortization period would have been 1 year or less. Accordingly, the Group does not capitalize any incremental costs to obtain a contract.

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all of the Group's contracts have a duration of one year or less.

2.8. Contract liabilities

Contract liabilities primarily consists of i) the unamortised revenue from sales of virtual items for mobile games, where there is still obligation to be provided by the Group to game players, and ii) the unamortised balance of the initial license fee paid by licensees.



3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

3.1. Financial risk factors

(a) Market risk

Foreign exchange risk

For the Group's subsidiaries in mainland China whose functional currency is RMB, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, net profits would have been approximately RMB12.50 million and RMB9.5 million, higher/lower for the years ended 31 December 2023 and 2024 respectively, as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in USD. Above sensitivity analysis does not include the Group's outstanding foreign forward contracts. Details of the Group's outstanding foreign forward contracts are set out in Note 3.3(a).

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible and may enter into forward foreign exchange contracts, when necessary.

Price risk

The Group is exposed to price risk in respect of long-term and short-term investments measured at fair value through profit or loss held by the Group. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. Each investment is managed by senior management on a case by case basis.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of investments funds, investments in listed companies, investments in private equity funds and investments in unlisted companies at the end of each reporting period. If prices of the respective instruments held by the Group had been 5% (2023: 5%) higher/lower as at 31 December 2024, profit for the year would have been approximately RMB56.6 million, RMB0, RMB2.3 million and RMB5.8 million (2023: RMB49.1 million, RMB0.3 million, RMB2.4 million and RMB6.1 million) higher/lower as a result of fair value changes on investments measured at fair value through profit or loss.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1. Financial risk factors (continued)

(a) Market risk (continued)

Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets or liabilities except for cash and cash equivalents and lease liabilities, and details of which have been disclosed in Note 24(a) and Note 28 respectively.

The Group's exposure to changes in interest rates is also attributable to its borrowings, details of which have been disclosed in Note 29. All the Group's borrowings were carried at fixed rates, which expose the Group to fair value interest-rate risk.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, short-term investments, trade receivables, deposits and other assets. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) *Credit risk of cash and cash equivalents and short-term investment measured at fair value*

To manage risk arising from cash and cash equivalents and short-term investments, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss is immaterial.

(ii) *Credit risk of trade receivables*

Trade receivables at the end of each reporting period were due from Distribution Channels and game publishers, as well as due from information service customers. If the strategic relationship with Distribution Channels, game publishers and information service customers are terminated or scaled-back, or if they alter the co-operative arrangements; or if they experience financial difficulties in paying the Group, the Group's corresponding trade receivables might be adversely affected in terms of recoverability. To manage this risk, the Group maintains frequent communications with Distribution Channels, game publishers and information service customers to ensure the effective credit control. In view of the history of cooperation with Distribution Channels, game publishers and information service customers and the sound collection history of receivables due from them, the directors of the Group believe that the credit risk inherent in the Group's outstanding trade receivable balances is low.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1. Financial risk factors (continued)

(b) Credit risk (continued)

(iii) *Credit risk of deposits and other assets*

For deposits and other assets, management makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other assets based on historical settlement records and current information.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counter party's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counter party;
- significant increases in credit risk on other financial instruments of the same counter party;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the counter party, including changes in the payment status of debtor in the Group and changes in the operating results of the counter party.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1. Financial risk factors (continued)

(b) Credit risk (continued)

(iii) *Credit risk of deposits and other assets (continued)*

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment or repaying on demand.

A default on a financial asset is when the counterparty fails to make contractual payments/repayable demanded within 180 days of when they fall due.

The Group makes periodic assessment on the credit risk of the deposits and other assets based on the history of cooperation with counterparties settlement records and past experience, the directors believe that the credit risk inherent in the outstanding deposits and other assets due from the debtors is low and has not increased significantly since initial recognition. Based on the assessment, the directors believe that allowance for impairment of deposits and other assets is immaterial to the Group.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categories deposits and other assets for write off when a debtor fails to make contractual payments/repayable demanded greater than 720 days past due. Where deposits and other assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the Group's finance department maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for: i) all non-derivative financial liabilities and ii) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.



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3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1. Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2024					
Non-derivatives					
Trade payables	25,163	-	-	-	25,163
Other payables and accruals (excluding salaries and benefits payable, and other tax payables)	1,838	2,859	-	-	4,697
Lease liabilities	12,573	7,627	1,598	-	21,798
Borrowings	20,380	-	-	-	20,380
	59,954	10,486	1,598	-	72,038

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2023					
Non-derivatives					
Trade payables	78,581	-	-	-	78,581
Other payables and accruals (excluding salaries and benefits payable, and other tax payables)	22,994	-	-	-	22,994
Lease liabilities	9,590	8,543	7,970	-	26,103
Short-term liabilities at fair value through profit or loss – short positions in shares of listed companies	7,671	-	-	-	7,671
Borrowings	13	19,974	-	-	19,987
	118,849	28,517	7,970	-	155,336



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and benefits for other owners and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the directors of the Company consider the cost of capital, and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to owners, return capital to owners, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's risk associated with capital management is low.

3.3. Fair value estimation

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements.

(a) Fair value hierarchy

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2023 and 2024, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in level 2.



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3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3. Fair value estimation (continued)

(a) Fair value hierarchy (continued)

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments mainly include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of foreign currency forward contracts is determined using present value of future cash flows based on forward exchange rates at the balance sheet date;
- Other techniques, various applicable valuation techniques are used to determine fair value for financial instruments (Note 3.3(c)).

As at 31 December 2024, none of the Group's financial liabilities are measured at fair value. The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2023 and the Group's assets that are measured at fair value as at 31 December 2024.

	Notes	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2024					
Financial assets					
Short-term investments measured at fair value through profit or loss	23				
– Investment funds (i)		-	-	1,132,316	1,132,316
– Investment in bonds		13,892	-	-	13,892
Investments in unlisted companies and private equity funds	20				
– Investments in private equity funds (iii)		-	-	45,222	45,222
– Investments in unlisted companies		-	-	116,032	116,032
		13,892	-	1,293,570	1,307,462
Financial liabilities					
Short positions in stocks of listed companies (ii)		-	-	-	-



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3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3. Fair value estimation (continued)

(a) Fair value hierarchy (continued)

	Notes	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2023					
Financial assets					
Short-term investments measured at fair value through profit or loss	23				
– Investment funds (i)		–	–	982,464	982,464
– Investment in listed companies (ii)		6,388	–	–	6,388
Investments in unlisted companies and private equity funds	20				
– Investments in private equity funds (iii)		–	–	47,038	47,038
– Investments in unlisted companies		–	–	121,508	121,508
		6,388	–	1,151,010	1,157,398
Financial liabilities					
Short positions in stocks of listed companies (ii)		7,671	–	–	7,671

- (i) The Group invested in investment funds which holds a combination of listed securities as well as bonds, derivatives, wealth management products and term deposits. The maximum exposure to loss for the Group as a result of its involvement with these investments funds (regardless of the probability of the loss being incurred) is equivalent to the carrying amount of these investments funds and there are no capital commitments as at 31 December 2024 and 2023. Fair value of Level 3 investment funds were determined by using various applicable valuation techniques. Changes in fair value of these financial assets had been recognized in "Fair value changes on investments measured at fair value through profit or loss" in the consolidated statement of profit or loss and other comprehensive income.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3. Fair value estimation (continued)

(a) Fair value hierarchy (continued)

- (ii) Investment in listed companies represented investments in listed companies' equity securities. Short positions in stocks of listed companies represented the fair value of short positions held in listed companies' equity securities.
- (iii) The Group invested in a portfolio of private equity funds which focused on investing in various industries as well as term deposits and wealth management products. The maximum exposure to loss for the Group as a result of its involvement with these private equity funds (regardless of the probability of the loss being incurred) is equivalent to the carrying amount of these investments and there are no further capital commitments as at 31 December 2024 (for 2023, see Note 35). Fair value of Level 3 private equity funds were determined by using various applicable valuation techniques. Changes in fair value of these financial assets had been recognized in "Fair value changes on investments measured at fair value through profit or loss" in the consolidated statement of profit or loss and other comprehensive income.

(b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items including investments in Investment fund, unlisted companies and private equity funds for the years ended 31 December 2023 and 2024.

Investment funds

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
At the beginning of the year	982,464	482,577
Additions	476,402	1,168,476
Changes in fair value	82,313	24,080
Redemption/disposal	(423,126)	(701,913)
Currency exchange differences	14,263	9,244
At the end of the year	1,132,316	982,464
Net unrealized gains	70,020	15,433



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3. Fair value estimation (continued)

(b) Fair value measurements using significant unobservable inputs (level 3)
(continued)

Investments in unlisted companies and private equity funds

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
At the beginning of the year	168,546	200,233
Additions	13,561	–
Changes in fair value	(20,886)	(31,353)
Deemed disposal	–	(324)
Currency exchange differences	33	–
At the end of the year	161,254	168,546
Net unrealized losses	(20,886)	(21,677)

(c) Valuation process and techniques

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once a year, external valuation experts assist the team based on valuation techniques to determine the fair values of the Group's level 3 instruments.

As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including:

- For investments in investment funds, the Group determines fair values as at the reporting date based on the periodic fair value reports of the respective funds provided by fund administrators and fund managers. The Group also discusses with the respective fund managers to understand the performance of the underlying investments and fair value measurement basis conducted by the respective fund administrators and fund managers, obtains and reviews latest available financial information (if applicable), in order to assess whether the fair values as stated in the periodic fair value reports at the end of each reporting period are appropriate.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3. Fair value estimation (continued)

(c) Valuation process and techniques (continued)

- For investments in unlisted companies, their fair values have been determined using applicable valuation techniques including comparable companies approach. These valuation approaches require significant judgments, assumptions and inputs, including expected volatility, discount for lack of marketability (“DLOM”), enterprise value to revenue multiple (“EV/Revenue”), etc. Independent external valuer has been involved in determining the fair value, when appropriate.
- For investments in private equity funds, the Group determines fair values as at the reporting date based on the reported net asset values of the funds as at 31 December 2023 and 2024 reported by the general partners as the management of the Company regards the net asset values of these private funds provide the best estimate for the fair value of the Group’s investments in them.

There were no change to valuation techniques during the reporting period.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3. Fair value estimation (continued)

(d) Valuation inputs and relationship to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair value as at 31 December,		Unobservable inputs	Range of inputs as at 31 December,		Relationship of unobservable inputs to fair value
	2024 RMB'000	2023 RMB'000		2024	2023	
Investments in unlisted Companies	116,032	121,508	EV/Revenue multiples	1.17x – 3.35x	1.25x – 3.24x	The higher the EV/Revenue, the higher the fair value
Investments in private equity funds	45,222	47,038	Net asset value (note)	N/A	N/A	Higher the net asset value, higher the fair value
Investment funds	1,132,316	982,464	Periodic fair value report	N/A	N/A	N/A

Note: The net asset value is mainly attributable from underlying unlisted investment with their fair value is determined with reference to the recent transaction price of the investment and comparable companies approach.

If EV/Revenue is 10% higher, the fair value of investments in unlisted companies will be RMB3.5 million and RMB4.9 million higher for the years ended 31 December 2024 and 2023 respectively;

For the fair value of the Group's investments, the sensitivity analysis on equity price risk is performed by management, see Note 3.1(a) for details. Management considered that any reasonable changes in the, expected volatility or DLOM would not result in a significant change in the Group's results for the years ended 31 December 2024 and 2023.



4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4.1. Estimates of Player Relationship Period in the Group's online game services

As described in Note 2.7, the Group recognizes certain revenue from sale of virtual items in online game services ratably over the Player Relationship Period. The determination of Player Relationship Period in each game is made based on the Group's best estimate that takes into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on a semi-annual basis. Any adjustments arising from changes in the Player Relationship Period as a result of new information will be accounted for as a change in accounting estimate.

4.2. Determination of fair value of long-term and short-term investments

The fair value of long-term and short-term investments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets (Note 3.3).

4.3. Principal versus agent considerations

Pursuant to game publishing and operation arrangements signed between the Group and the third party game developers or Distribution Channels, the Group's responsibilities in publishing and operating the licensed games vary for each game. The determination of whether to record these revenues using gross or net basis is based on an assessment of various factors, including but not limited to whether the Group (i) is the primary obligor to the game developers and game players in the arrangements; (ii) has latitude in establishing the selling price of virtual items; (iii) changes the products or performs part of the services; (iv) has involvement in the determination of product and service specifications; and (v) has the rights to determine Distribution Channels and Payment Channels.



4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.4. Income tax

The Group is subject to income taxes in the PRC and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

5. SEGMENT INFORMATION AND REVENUE

The Group's business activities for game operating, licensing and information services, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. As a result of this evaluation, the directors of the Company consider that the Group's operation is operated and managed as a single segment and no segment information is presented, accordingly.

As at 31 December 2023 and 2024, substantially all of the non-current assets of the Group were located in the PRC.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Revenue for the years ended 31 December 2023 and 2024 are as follows:

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Game operating revenues		
– Self-developed	365,175	507,746
– Licensed	228,258	365,690
Subtotal	593,433	873,436
Game licensing revenue	11,060	18,948
Information service revenue	16,261	9,748
Other revenue	7,208	3,605
Total revenues	627,962	905,737
Cost of revenues	(264,847)	(347,861)
Gross profit	363,115	557,876
Gross margin	58%	62%

Revenues of approximately RMB27 million and RMB24 million for the years ended 31 December 2023 and 2024, respectively, were from five largest single customers.

During the years ended 31 December 2023 and 2024, none of single customers individually exceeded 10% of the Group's revenue.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

The table below sets forth a breakdown of the Group's revenue by timing of recognition for the years ended 31 December 2023 and 2024, respectively:

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Over the time	264,916	418,077
At a point in time	363,046	487,660
	627,962	905,737

The table below sets forth a breakdown of the Group's total revenue by geographical areas for the years ended 31 December 2023 and 2024, respectively:

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Mainland China	352,084	647,890
Other areas (a)	275,878	257,847
Total	627,962	905,737

(a) Revenue from other areas mainly include revenue from local versions operated in Japan, the United States of America, Canada, Australia, New Zealand, Hong Kong, Macau and Taiwan Province.



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6. EXPENSES BY NATURE

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Marketing and promotion expenses	164,213	378,891
Employee benefits expenses (Note 7)	191,028	175,414
Commissions charged by distribution channels	136,066	174,535
Commissions charged by game developers and IP holders	58,061	82,362
Impairment of non-financial assets (Note 21)	22,467	29,664
Bandwidth and server custody fee	18,016	21,527
Outsourced technical services	11,282	19,037
Professional services fee	9,374	11,209
Office expenses	10,476	10,357
Depreciation of right-of-use assets (Note 15)	10,464	9,961
Depreciation of property, plant and equipment (Note 14)	5,345	4,868
Amortization of intangible assets (Note 16)	295	–
Auditor remuneration		
– Audit service	2,700	4,340
– Non-audit service	102	347
Commissions charged by payment channel	1,705	2,809
Tax surcharges	1,159	1,903
Rental expenses and utilities	1,382	1,866
Others	3,727	3,317
Total	647,862	932,407



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

7. EMPLOYEE BENEFITS EXPENSES

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Wages, salaries and bonuses	164,876	149,568
Pension and other social security costs	23,298	23,548
Other benefits	2,854	2,298
Total	191,028	175,414

(a) Pension-defined contribution plans

During the years ended 31 December 2023 and 2024, there were no forfeited contributions under the defined contribution schemes. Accordingly, no forfeited contribution was utilized during the year, and there was no forfeited contribution available as at 31 December 2024, to reduce the level of contributions.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. EMPLOYEE BENEFITS EXPENSES (CONTINUED)

(b) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

	Year ended 31 December 2024					Total RMB'000
	Director fees	Wages, salaries and bonuses	Pension and other social security costs	Share-based compensation	Other benefits	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Chairman						
Yang Xu	-	2,572	91	-	-	2,663
Executive directors						
Huang Zhiqiang	-	3,257	91	-	-	3,348
Zeng Xiangshuo	-	1,632	91	-	-	1,723
Liu Siming	-	2,707	146	-	-	2,853
Independent non-executive directors						
Lam Sing Kwong Simon	185	-	-	-	-	185
Fang Weijin	185	-	-	-	-	185
Yuan Yuan (i)	185	-	-	-	-	185
Total	555	10,168	419	-	-	11,142



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

7. EMPLOYEE BENEFITS EXPENSES (CONTINUED)

(b) Directors' and chief executive's emoluments (continued)

	Director fees RMB'000	Wages, salaries and bonuses RMB'000	Year ended 31 December 2023			Total RMB'000
			Pension and other social security costs RMB'000	Share-based compensation RMB'000	Other benefits RMB'000	
Chairman						
Yang Xu	-	2,607	92	-	-	2,699
Executive directors						
Huang Zhiqiang	-	3,257	92	-	-	3,349
Zeng Xiangshuo	-	1,632	92	-	-	1,724
Liu Siming	-	2,607	131	-	-	2,738
Independent non-executive directors						
Zhang Longgen (i)	141	-	-	-	-	141
Lam Sing Kwong Simon	180	-	-	-	-	180
Fang Weijin	180	-	-	-	-	180
Yuan Yuan (i)	39	-	-	-	-	39
Total	540	10,103	407	-	-	11,050

(i) Mr. Zhang Longgen resigned on October 17, 2023. Mr. Yuan Yuan was appointed as independent non-executive director of the Company on October 17, 2023.

(ii) Benefits and interests of directors

Except for disclosed above, there is no other benefit offered to the directors.

(iii) Directors' retirement and termination benefits

No director's retirement or termination benefit subsisted at the end of each year disclosed or at any time during the years ended 31 December 2023 and 2024.



7. EMPLOYEE BENEFITS EXPENSES (CONTINUED)

(b) Directors' and chief executive's emoluments (continued)

(iv) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available director's services subsisted at the end of each year disclosed or at any time during the years ended 31 December 2023 and 2024.

(v) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 December 2023 and 2024, there are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors.

(vi) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of or at any time during the years ended 31 December 2023 and 2024.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2023 and 2024, include 4 directors whose emoluments are reflected in the analysis presented above. The aggregate amounts of emoluments for the remaining 1 individual for each of the years ended 31 December 2023 and 2024 respectively, are set out below:



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7. EMPLOYEE BENEFITS EXPENSES (CONTINUED)

(c) Five highest paid individuals (continued)

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	1,507	1,507
Contribution to pension scheme	89	89
Discretionary bonuses	125	125
Total	1,721	1,721

	Year ended 31 December,	
	2024	2023
Emolument bands (in HKD) HKD1,500,001 – HKD2,000,000	1	1

There were no amount paid or payable by the Group to the directors set out in note 7(b) or any of the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. FAIR VALUE CHANGES ON INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Fair value changes on long-term investments measured at fair value through profit or loss (<i>Note 20</i>)	(20,886)	(31,353)
Fair value changes on short-term investments measured at fair value through profit or loss (<i>Note 23</i>)	83,069	26,519
Fair value changes on derivative instruments (<i>Note 23</i>)	–	(2,816)
Fair value changes on short positions in stocks of listed companies (<i>Note 23</i>)	(1,268)	(1,334)
Total	60,915	(8,984)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. OTHER INCOME

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Government subsidies	4,311	13,230
Dividend distribution from long-term investments measured at fair value through profit or loss	1,812	32
Total	6,123	13,262

There are no unfulfilled conditions or contingencies related to the above government subsidies.

10. OTHER LOSSES, NET

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Foreign exchange losses, net	(4,353)	(2,712)
Donations to charity organizations	(296)	(1,015)
Others	(97)	(847)
Total	(4,746)	(4,574)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

11. FINANCE INCOME, NET

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Finance income		
Interest income from bank deposits	12,142	15,793
Finance costs		
Bank charges	(650)	(1,257)
Interest expenses on lease liabilities	(1,078)	(1,026)
Interest expenses on bank borrowings	(407)	(387)
Finance income, net	10,007	13,123

12. INCOME TAX CREDIT/(EXPENSES)

Cayman Islands

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in British Virgin Islands are not subject to tax on their income or capital gains.

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit in respect of operations in Hong Kong.



12. INCOME TAX CREDIT/(EXPENSES) (CONTINUED)

PRC corporate income tax (“CIT”)

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% during the years ended 31 December 2023 and 2024.

Certain subsidiaries of the Group in the PRC, accordingly, are qualified as “high and new technology enterprise” and entitled to a preferential income tax rate of 15% during the years ended 31 December 2023 and 2024.

In addition, certain subsidiaries of the Company were entitled to other tax concessions, mainly including the preferential tax rate of 15% applicable to some subsidiaries located in certain areas of the Mainland China upon fulfilment of certain requirements of the respective local governments.

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (“Super Deduction”). The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining their assessable profits during the years ended 31 December 2023, and 2024.

PRC Withholding Tax (“WHT”)

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January, 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5% in certain circumstances.

Since the Group intends to permanently reinvest earnings from QC Digital Group to further expand its businesses in the PRC, it does not intend to declare dividends to its immediate foreign holding entities in the foreseeable future. Accordingly, no deferred income tax liability in relation with WHT was accrued as at the end of each reporting period. Cumulative undistributed earnings of the Company’s PRC subsidiaries intended to be permanently reinvested were approximately RMB218.5 million as at 31 December 2024.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

12. INCOME TAX CREDIT/(EXPENSES) (CONTINUED)

PRC Withholding Tax ("WHT") (continued)

The income tax of the Group for the years ended 31 December 2023 and 2024 is analyzed as follows:

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Current income tax	6,494	8,396
Deferred income tax (Note 17)	(6,596)	4,239
Total income tax (credit)/expenses	(102)	12,635

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended 31 December 2023 and 2024, being the statutory tax rate of the major subsidiaries of the Group.

The difference is analysed as follows:

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Profit/(loss) before income tax	47,026	(24,965)
Tax calculated at statutory income tax rate of 25% in mainland China	11,757	(6,241)
Tax effects of:		
Effect of different tax rates available to different jurisdictions	(3,527)	(4,560)
Preferential income tax rates applicable to subsidiaries	(8,445)	(2,644)
Expenses not deductible for income tax purposes	1,415	1,245
Non-taxable income	(18,825)	(5,151)
Super Deduction for research and development expenses	(13,214)	(18,048)
Tax losses for which no deferred income tax assets were recognized	19,961	23,332
Temporary differences for which no deferred income tax assets were recognized, net	11,763	23,987
Previous years tax adjustments	(987)	715
Total income tax (credit)/expenses	(102)	12,635



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to ordinary shareholders of the Company by the weighted average number of outstanding shares during the years ended 31 December 2023 and 2024.

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Profit/(loss) attributable to ordinary shareholders of the Company (RMB'000)	51,120	(37,371)
Weighted average number of outstanding ordinary shares	691,330,500	691,330,500
Basic earnings/(loss) per share (RMB)	0.07	(0.05)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. PROPERTY, PLANT AND EQUIPMENT

	Servers and other equipment RMB'000	Furniture and appliances RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January, 2024					
Cost	1,170	10,990	8,259	9,902	30,321
Accumulated depreciation	(1,170)	(4,786)	(2,849)	(4,375)	(13,180)
Net book amount	-	6,204	5,410	5,527	17,141
Year ended 31 December, 2024					
Opening net book amount	-	6,204	5,410	5,527	17,141
Additions	-	1,203	257	954	2,414
Depreciation (Note 6)	-	(1,968)	(1,351)	(2,026)	(5,345)
Disposal	-	(78)	-	-	(78)
Written off	-	(52)	-	-	(52)
Currency exchange differences	-	(25)	-	-	(25)
Closing net book amount	-	5,284	4,316	4,455	14,055
At 31 December 2024					
Cost	1,170	12,193	8,516	10,856	32,735
Accumulated depreciation	(1,170)	(6,909)	(4,200)	(6,401)	(18,680)
Net book amount	-	5,284	4,316	4,455	14,055



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Servers and other equipment RMB'000	Furniture and appliances RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January, 2023					
Cost	1,170	8,962	6,729	9,480	26,341
Accumulated depreciation	(1,170)	(2,830)	(1,880)	(1,456)	(7,336)
Net book amount	–	6,132	4,849	8,024	19,005
Year ended 31 December, 2023					
Opening net book amount	–	6,132	4,849	8,024	19,005
Additions	–	2,028	1,530	422	3,980
Depreciation (Note 6)	–	(1,929)	(969)	(1,970)	(4,868)
Disposal	–	(2)	–	(949)	(951)
Currency exchange differences	–	(25)	–	–	(25)
Closing net book amount	–	6,204	5,410	5,527	17,141
At 31 December 2023					
Cost	1,170	10,990	8,259	9,902	30,321
Accumulated depreciation	(1,170)	(4,786)	(2,849)	(4,375)	(13,180)
Net book amount	–	6,204	5,410	5,527	17,141

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 31 December,	
	2024	2023
	RMB'000	RMB'000
Cost of revenues	734	871
Selling and marketing expenses	1,244	1,084
Research and development expenses	2,212	2,295
General and administrative expenses	1,155	618
	5,345	4,868



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

15. RIGHT-OF-USE ASSETS

Properties	
RMB'000	
At 1 January, 2023	
Cost	46,224
Accumulated depreciation	(20,056)
Net book amount	26,168
Year ended 31 December 2023	
Opening net book amount	26,168
Additions	7,308
Depreciation (Note 6)	(9,961)
Disposal	(914)
Currency exchange differences	(79)
Closing net book amount	22,522
At 31 December 2023 and 1 January, 2024	
Cost	46,539
Accumulated depreciation	(24,017)
Net book amount	22,522
Year ended 31 December 2024	
Opening net book amount	22,522
Additions	6,709
Depreciation (Note 6)	(10,464)
Currency translation differences	(488)
Closing net book amount	18,279
At 31 December 2024	
Cost	53,248
Accumulated depreciation	(34,969)
Net book amount	18,279



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

15. RIGHT-OF-USE ASSETS (CONTINUED)

The consolidated statement of comprehensive income and the consolidated statement of cash flows contain the following amounts relating to leases:

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets	10,464	9,961
Interest expenses	1,078	1,026
Expenses relating to short-term leases	1,382	1,866
The cash outflow for leases payment related to short-term lease as operating activities	837	1,612
The cash outflow for leases as financing activities	11,597	9,681

16. INTANGIBLE ASSETS

	License RMB'000
At 1 January, 2024	
Cost	—
Accumulated depreciation	—
Net book amount	—
Year ended 31 December 2024	
Opening net book amount	—
Additions	1,834
Amortization (Note 6)	(295)
Currency exchange differences	(3)
Closing net book amount	1,536
At 31 December 2024	
Cost	1,834
Accumulated depreciation	(298)
Net book amount	1,536



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17. DEFERRED INCOME TAXES

The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

Deferred tax assets

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
The balance comprises temporary differences. attributable to:		
– Lease liabilities	2,075	549
– Tax losses	7,626	2,995
– Impairment of non-financial assets	5,884	4,053
– Short-term investments measured at fair value through profit or loss	2,336	-
– Marketing and promotion expenses	10,634	12,271
– Loss allowance for financial assets	9	10
– Contract liabilities	2,441	3,500
– Temporary difference related to payroll payables	781	849
Total gross deferred tax assets	31,786	24,227
Set-off of deferred tax liabilities pursuant to set-off provisions	(1,945)	(543)
Net deferred tax assets	29,841	23,684



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FOR THE YEAR ENDED DECEMBER 31, 2024

17. DEFERRED INCOME TAXES (CONTINUED)

Deferred tax assets (continued)

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Deferred tax assets:		
– to be recovered within 12 months	12,049	11,027
– to be recovered after 12 months	17,792	12,657
	29,841	23,684

Deferred tax liabilities

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
The balance comprises temporary differences attributable to:		
– Right-of-use assets	1,966	543
Total gross deferred tax liabilities	1,966	543
Set-off of deferred tax assets pursuant to set-off provisions	(1,945)	(543)
Net deferred tax liabilities	21	–



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17. DEFERRED INCOME TAXES (CONTINUED)

Deferred tax assets

The movement on the gross deferred income tax assets is as follows:

	Tax losses RMB'000	Net impairment losses on non-financial assets RMB'000	Loss allowance for financial assets RMB'000	Short-term investments measured at fair value through profit or loss RMB'000	Marketing and promotion expenses RMB'000	Lease liabilities RMB'000	Contract liabilities RMB'000	Temporary difference related to payroll payables RMB'000	Total RMB'000
At 31 December 2022	6,201	-	8	63	16,076	56	4,745	1,085	28,234
Adjustment on Amendments to IAS 12	-	-	-	-	-	2,299	-	-	2,299
At 1 January, 2023	6,201	-	8	63	16,076	2,355	4,745	1,085	30,533
Credited/(charged) to consolidated income statement	(3,268)	4,053	2	(63)	(3,805)	(1,806)	(1,245)	(236)	(6,368)
Currency exchange differences	62	-	-	-	-	-	-	-	62
At 31 December 2023	2,995	4,053	10	-	12,271	549	3,500	849	24,227
At 1 January, 2024	2,995	4,053	10	-	12,271	549	3,500	849	24,227
Credited/(charged) to consolidated income statement	5,090	1,831	(1)	2,336	(1,637)	1,533	(1,059)	(68)	8,025
Currency exchange differences	(459)	-	-	-	-	(7)	-	-	(466)
At 31 December 2024	7,626	5,884	9	2,336	10,634	2,075	2,441	781	31,786



17. DEFERRED INCOME TAXES (CONTINUED)

Deferred tax liabilities

The movement on the gross deferred income tax liabilities is as follows:

	Long-term investments measured at fair value through profit or loss RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 31 December 2022	373	–	373
Adjustment on Amendments to IAS 12	–	2,299	2,299
At 1 January 2023	373	2,299	2,672
Charged to consolidated income statement	(373)	(1,756)	(2,129)
At 31 December 2023	–	543	543
At 1 January, 2024	–	543	543
Credited to consolidated income statement	–	1,429	1,429
Currency exchange differences	–	(6)	(6)
At 31 December 2024	–	1,966	1,966

The Group only recognizes deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at 31 December 2023 and 2024, the Group did not recognize deferred income tax assets of RMB51.58 million and RMB84.39 million, in respect of cumulative tax losses amounting to RMB221.16 million and RMB337.56 million. These tax losses in Mainland China will expire from 2026 to 2029.



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18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
At the beginning of the year	38,236	19,858
Additions (a)	–	30,000
Disposal	–	(500)
Share of results of associates	(397)	(1,814)
Impairment (b)	(4,976)	(9,308)
At the end of the year	32,863	38,236

(a) During the year ended 31 December 2023, the Group obtained 20% shares of a unlisted company which mainly engaged in mobile game development with a consideration of RMB30 million. The Group had significant influence in the unlisted company.

(b) The Group regularly carries out impairment indicator assessment on the associates.

During the years ended 31 December 2024 and 2023, certain associates faced significant difficulties in business and finance, mainly due to changing of market, unsatisfying research and development status and struggling cash flows. Those associates were under-performed in both operation and financial results and showed impairment indicators. Management reviewed the financial and business outlook of those associates and determined the recoverable amounts of those investments based on their value in use and made impairment provision of approximately RMB5.0 million and RMB9.3 million against the carrying amounts of these investments in associates for the years ended 31 December 2024 and 2023 respectively.

(c) The Group has interests in a number of individually immaterial associates that are accounted for using the equity method.

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Aggregate carrying amount of individually immaterial associates	32,863	38,236
Aggregate amounts of the Group's share of:		
– Net loss	(397)	(1,814)



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19. FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Assets as per consolidated statement of financial position		
Financial assets at fair value through profit or loss:		
– Long-term investments measured at fair value through profit or loss (Note 20)	161,254	168,546
– Short-term investments measured at fair value through profit or loss (Note 23)	1,146,208	988,852
	1,307,462	1,157,398
Financial assets at amortized costs:		
– Trade receivables (Note 22)	39,198	68,096
– Deposits and other assets	15,596	19,894
– Cash and cash equivalents (Note 24)	449,975	538,003
	504,769	625,993
Liabilities as per consolidated statement of financial position		
Financial liabilities at fair value through profit or loss:		
– Short-term liabilities measured at fair value through profit or loss (Note 23)	–	7,671
Financial liabilities at amortized costs:		
– Lease liabilities (Note 28)	20,558	24,386
– Borrowings (Note 29)	19,974	19,987
– Trade payables (Note 30)	25,163	78,581
– Other payables (excluding salaries and benefits payable and other tax payables) (Note 31)	4,697	22,994
	70,392	145,948



20. LONG-TERM INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Investments in unlisted companies	116,032	121,508
Investments in private equity funds	45,222	47,038
	161,254	168,546

As at 31 December 2023 and 2024, long-term investments measured at fair value through profit or loss mainly represented: 1) investments in unlisted companies without significant influence; 2) equity investments in private equity funds in which the Group act as limited partners without significant influence. The Group has determined the fair value of these financial assets based on certain valuation techniques as disclosed in Note 3.3.

Movements in long-term investments measured at fair value through profit or loss during the years ended 31 December 2023 and 2024, are as follows:

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
At the beginning of the year	168,546	200,223
Addition	13,561	–
Change in fair value (Note 8)	(20,886)	(31,353)
Deemed disposal (Note 33)	–	(324)
Currency exchange differences	33	–
At the end of the year	161,254	168,546



21. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Non-current		
Prepayments for game licenses (a)	34,506	38,296
Prepayment for investments	–	8,000
Rental and other deposits	1,857	1,997
	36,363	48,293
Current		
Prepayments for sharing of proceeds (a)	12,218	24,083
Prepayments for marketing and promotion services	5,000	17,812
Deposits in stock accounts	753	16,007
Loans due from third parties	4,000	9,031
Prepayments to service providers	5,125	7,875
Amounts due from related parties (Note 36(c)(iv))	33	3,870
Rental and other deposits	1,671	2,006
Loans due from employees	3,060	1,560
Prepayments for investment	14,377	–
Others	4,296	2,089
Less: allowance for impairment	(74)	(205)
	50,459	84,128

- (a) The Group licenses online games from game developers and pays game license fees and sharing of proceeds earned from selling in-game virtual items to game developers. The prepayments for game license fees are transferred to intangible assets when the Group receives related licensed games. The prepayments for sales-based sharing of proceeds are expensed and recorded into cost of revenues on incurred basis.

The Group regularly assesses impairment indicator as set out in Note 2.4. During the year ended 31 December 2024, the Group assessed the recoverable amounts of these prepayments based on value in use and made impairment provision for and write-off certain prepayments to game developers for licenses and sharing of proceeds of RMB22.47 million (2023: RMB29.7 million), mainly due to underperformance of game developing status, testing or operating results of the relevant games.



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22. TRADE RECEIVABLES

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Distribution channels	31,826	60,216
Game publishers	4,449	5,872
Information service customers	2,348	1,682
Others	610	362
	39,233	68,132
Less: allowance for impairment	(35)	(36)
	39,198	68,096

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Third parties	34,784	62,260
Related parties	4,449	5,872
	39,233	68,132
Less: allowance for impairment	(35)	(36)
	39,198	68,096



22. TRADE RECEIVABLES (CONTINUED)

- (a) Distribution Channels and game publishers and information service customers usually settle the amounts within 30–60 days. Aging analysis of trade receivables based on the recognition date of the gross trade receivables at the respective reporting dates are as follows:

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Within 3 months	36,785	65,638
3 months to 6 months	1,682	2,342
6 months to 1 year	762	152
1 to 2 years	4	–
	39,233	68,132

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the shared credit risk characteristics and the days past due of each type of the trade receivables to measure the expected credit losses. During the years ended 31 December 2023 and 2024, the expected loss rate for related parties trade receivables is low and immaterial, and the expected credit loss rates for third-parties trade receivables are determined according to provision matrix as follows:

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Within 3 months	0.06%	0.00%
3 months to 6 months	0.84%	0.19%
6 months to 1 year	4.77%	3.16%
1 to 2 years	20.00%	18.94%
Over 2 years	100.00%	100.00%

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2023 and 2024 respectively and the corresponding historical credit losses experienced within the period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified growth rate of Gross Domestic Product and IT & Information Service Output Price Index of the countries in which it operates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.



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22. TRADE RECEIVABLES (CONTINUED)

(b) (continued)

Movements on the Group's allowance for impairment of trade receivables are as follows:

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
At the beginning of the year	36	23
Provision	35	684
Reversal	(36)	(23)
Elimination due to acquisition (<i>Note 33</i>)	–	(648)
At the end of the year	35	36

The provisions and reversal of provisions for impaired receivables have been included in "Net impairment losses on financial assets" in the consolidated statement of comprehensive income.

- (c) The directors of the Group considered that the carrying amounts of the trade receivables balances approximated their fair value as at 31 December 2023 and 2024.
- (d) The carrying amount of the Group's trade receivables is denominated in the following currencies:

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
USD	15,904	31,948
RMB	11,490	20,639
HKD	5,629	10,266
JPY	5,606	4,122
SGD	604	1,157
	39,233	68,132

- (e) The maximum exposure to credit risk as at 31 December 2023 and 2024 was the carrying value of the trade receivables. The Group did not hold any collateral as security.



23. SHORT-TERM INVESTMENTS/(LIABILITIES) MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets/(liabilities) measured at fair value through profit or loss (current) are investment in listed companies, short positions in stocks of listed companies, investment funds and investment in bonds of which principal and returns are not guaranteed. Fair value measurement are as disclosed in Note 3.3.

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Financial assets		
At the beginning of the year	988,852	489,717
Additions	534,756	1,232,866
Change in fair value (Note 8)	83,069	26,519
Redemption	(474,896)	(769,526)
Currency translation differences	14,427	9,276
At the end of the year	1,146,208	988,852

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Financial liabilities – derivative instruments		
At the beginning of the year	–	(420)
Change in fair value (Note 8, Note 3.3(a))	–	(2,816)
Redemption	–	3,236
At the end of the year	–	–



23. SHORT-TERM INVESTMENTS/(LIABILITIES) MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Financial liabilities – Short positions in stocks of listed companies		
At the beginning of the year	(7,671)	–
Additions	(64,362)	(102,522)
Change in fair value (Note 8)	(1,268)	(1,334)
Redemption	73,343	96,223
Currency translation differences	(42)	(38)
At the end of the year	–	(7,671)

24. CASH AND CASH EQUIVALENTS

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Cash on hand and cash in bank	375,686	426,023
Term deposit with initial terms within three months	69,290	107,232
Cash held by other financial institutions (i)	4,999	4,748
	449,975	538,003

- (i) As at 31 December 2023 and 2024, the Group had certain amounts of cash held in accounts managed by other financial institutions, such as Alipay and WeChat Pay in connection with the provision of online and mobile payment services which have been classified as cash and cash equivalents on the consolidated statements of financial position.
- (ii) The Group's cash and cash equivalents denominated are deposited with banks in the Mainland China and Hong Kong, respectively. The conversion of the RMB denominated balances into foreign currencies, which are placed within the PRC, is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.



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24. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents are denominated in the following currencies:

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
USD	213,311	217,102
RMB	156,606	184,842
JYP	31,668	69,015
HKD	44,908	60,527
SGD	2,924	5,974
AUD	558	543
	449,975	538,003

25. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares '000	Nominal value of shares USD'000	Equivalent nominal value of shares RMB'000	Share premium RMB'000
Authorised				
As at 31 December 2023 and 2024	5,000,000	50	—	—
Issued				
As at 31 December 2023 and 2024	691,331	7	44	5,117,821



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26. OTHER RESERVES

	Capital reserve RMB'000	Statutory reserves RMB'000	Share-based compensation expenses RMB'000	Currency translation differences RMB'000	Total RMB'000
As at 1 January, 2023	(3,139,354)	11,422	70,536	125,275	(2,932,121)
Currency translation differences	-	-	-	21,273	21,273
As at 31 December 2023	(3,139,354)	11,422	70,536	146,548	(2,910,848)
As at 1 January, 2024	(3,139,354)	11,422	70,536	146,548	(2,910,848)
Currency translation differences	-	-	-	17,126	17,126
As at 31 December 2024	(3,139,354)	11,422	70,536	163,674	(2,893,722)

27. CONTRACT LIABILITIES

Contract liabilities primarily consists of the unamortised revenue from sales of virtual items for mobile games, where there is still obligation to be provided by the Group to game players.

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Game operating	38,849	42,090

The following table shows the amount of revenue recognized in the consolidated statements of comprehensive income for the respective years relating to contract liabilities brought forward:

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the year		
Game operating	42,090	41,283
	42,090	41,283



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28. LEASE LIABILITIES

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Minimum lease payments due		
– Within 1 year	12,573	9,590
– Between 1 and 2 years	7,627	8,543
– Between 2 and 5 years	1,598	7,970
	21,798	26,103
Less: future finance charges	(1,240)	(1,717)
Present value of lease liabilities	20,558	24,386

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Lease liabilities		
–Within 1 year	11,864	9,193
–Between 1 and 2 years	7,148	9,752
–Between 2 and 5 years	1,546	5,441
	20,558	24,386



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29. BORROWINGS

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Included in non-current liabilities		
RMB bank borrowings – unsecured	–	19,974
Included in current liabilities		
RMB bank borrowings – unsecured	19,974	13
	19,974	19,987

In January 2023, the Group entered into unsecured three-year loan agreements with certain financial institutions and borrowed RMB20,000,000, bearing an fixed interest rate of 2.00% per annum and repayable by end of 2025. Pursuant to the loan agreements, these loans can only be used in research and development.

During the year ended 31 December 2024, the Group repaid bank borrowings amounting to RMB13,000. As at 31 December 2024, the borrowing balance of RMB19,974,000 was reclassified to current liabilities as the borrowings will be repayable within 12 months.

30. TRADE PAYABLES

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Trade payables	25,163	78,581

Trade payables are primarily sharing of proceeds due to game developers and IP holders, advertisement and related to the purchase of services for server custody. The credit terms of trade payables granted to the Group are usually 30 to 90 days.



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30. TRADE PAYABLES (CONTINUED)

The carrying amount of the Group's trade payables is denominated in the following currencies:

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
RMB	23,695	72,002
USD	1,032	6,465
JPY	189	78
AUD	25	36
HKD	28	–
KRW	194	–
	25,163	78,581

As at 31 December 2023 and 2024, the fair value of trade payables approximated to their carrying amount.

Aging analysis of trade payables based on the recognition date of the trade payables at the respective reporting dates are as follows:

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Within 3 months	19,896	71,284
Over 3 months	5,267	7,297
	25,163	78,581



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31. OTHER PAYABLES AND ACCRUALS

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Salaries and benefits payables	52,968	58,013
Payables for investment	–	20,000
Payables for professional fee	4,130	2,798
Other tax payables	7,058	1,928
Others	567	196
	64,723	82,935

The carrying amount of the Group's other payables is denominated in the following currencies:

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
RMB	60,197	82,823
USD	4,209	39
AUD	119	33
JPY	188	22
HKD	10	18
	64,723	82,935

32. DIVIDEND DISTRIBUTION

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Dividend distribution	–	–

No dividend has been paid or declared by the Company during the year ended 31 December 2024.



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33. BUSINESS COMBINATION

Chengdu Niuwanqihao Cultural Creativity Co., Ltd. ("Niuwan") was an unlisted entity which provides design and sale of game merchandise and was an associate of the Group. The Group held its 20% shareholding in the form of redeemable instruments and measured it at fair value through profit or losses. On 20 December 2023, the Group further acquired 40% equity interests in Niuwan with nil cash consideration and removed the preferential rights in the 20% previously held interests. After the acquisition, Niuwan became a subsidiary of the Group with 40% non-controlling interest. RMB0.03 million bargain purchase gain was recognised in this transaction.

The following table summarizes the consideration paid for Niuwan, the fair value of assets acquired, liabilities assumed at the acquisition date:

	As at 31 December, 2023 RMB'000
Previously held interests	324
Cash and cash equivalents	872
Trade receivables	296
Prepayments and other assets	1,545
Inventories	1,280
Property, plant and equipment	401
Trade payables*	(3,396)
Other payables and accruals	(407)
Net identifiable assets acquired	591
Less: Non-controlling interests	(237)
Less: Bargain purchase gain	(30)
Total	324

* RMB3.3 million out of the trade payables and RMB0.3 million out of the trade receivables were due to or due from the Group and were eliminated upon consolidation.

The acquisition-related costs were immaterial and had been charged to general and administrative expenses in the consolidated statements of comprehensive loss for the year ended 31 December 2023.

The revenue and loss included in the consolidated statements of comprehensive loss since 20 December 2023 contributed by Niuwan was nil and RMB0.1 million. Had Niuwan been consolidated from 1 January 2023, the consolidated revenue and loss of the Group would be increase by RMB2.6 million and RMB8.2 million respectively for the year ended 31 December 2023.



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34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Notes	Year ended 31 December,	
		2024 RMB'000	2023 RMB'000
Profit/(loss) for the year		47,128	(37,600)
Adjustments for			
Income tax expense		(102)	12,635
Depreciation and amortization	6	16,104	14,829
Net impairment losses on financial assets		(132)	821
Impairment of non-financial assets	6	22,467	–
Share of results of investments accounted for using equity method	18	397	1,814
Dividend income	9	(1,812)	–
Interest income	11	(12,142)	–
Fair value changes on investments measured at fair value through profit or loss	8	(60,915)	8,984
Finance costs, net	11	2,135	13,123
Loss on written off PPE	14	52	–
Losses on impairment of investments accounted for using the equity method	18	4,976	9,308
Other losses, net		–	920
Other income		–	(510)
Net exchange differences	10	4,353	(4,437)
		22,509	8,177
Changes in working capital			
– Trade receivables		30,510	(19,513)
– Prepayments, deposits and other assets		37,172	(37,663)
– Inventories		321	32
– Trade payables		(52,817)	68,489
– Contract liabilities		(3,075)	808
– Other payables and accruals		(17,279)	(3,109)
Cash used in operations		17,341	17,211



34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Net debt reconciliation

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Cash and cash equivalents	449,975	538,003
Lease liabilities (current and non-current)	(20,558)	(24,386)
Borrowings (current and non-current)	(19,974)	(19,987)
Net cash	409,443	493,630

	Cash and cash equivalents RMB'000	Lease liabilities RMB'000	Borrowings RMB'000	Total RMB'000
As at 1 January, 2024	538,003	(24,386)	(19,987)	493,630
Cash flows	(87,432)	11,597	13	(90,983)
Increase of right-of-use assets	-	(6,709)	-	(6,709)
Accrual interest	-	(1,078)	-	(1,078)
Currency translation differences	(596)	18	-	14,583
As at 31 December 2024	449,975	(20,558)	(19,974)	409,443



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34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Net debt reconciliation (continued)

	Cash and cash equivalents RMB'000	Lease liabilities RMB'000	Borrowings RMB'000	Total RMB'000
As at 1 January 2023	1,001,922	(26,803)	–	975,119
Cash flows	(480,375)	9,681	(19,600)	(490,298)
Increase of right-of-use assets	–	(7,308)	–	(7,308)
Disposal of right-of-use assets	–	914	–	914
Accrual interest	–	(949)	(387)	(1,336)
Currency translation differences	–	79	–	79
Foreign exchange adjustments	16,456	–	–	16,456
As at 31 December 2023	538,003	(24,386)	(19,987)	493,630

35. COMMITMENTS

(a) Capital commitments

The Group made capital expenditure in respect of long-term equity investments as at 31 December 2023 and 2024. The Group has commitments to make the following future installments under non-cancellable agreements are as follows:

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Capital investment in investees	–	12,000



36. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are under control or joint control by the same party. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The following companies are related parties of the Group that had material transactions and/or balances with the Group during the years ended 31 December 2023 and 2024.

Name of related parties	Relationship
Shenzhen Hot Zone Network Technology Co., Ltd.	Associate
Shenzhen Jishiwu Technology Co., Ltd.	Associate
Guangzhou Jodo Information and Technology Co., Ltd.	Related party
Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary	Related party
Shanghai Tuxian network technology Co., Ltd.	Associate
Chengdu Lemai Interactive Technology Co., Ltd.	Related party
Beijing Zhijianlvdong network Technology Co., Ltd.	Associate
G-bits Group (1)	Shareholder

- (1) *G-bits Network Technology (Xiamen) Co., Ltd. ("G-bits Xiamen") is a shareholder of the Company. G-bits Group represents G-bits Xiamen and its subsidiaries, including Shenzhen Leiting Information Technology Co., Ltd., Xiamen Leiting Network Technology Co., Ltd. and Hongkong Leiting Information Technology Co., Ltd.*



36. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant transactions with related parties

(i) Game licensing revenue

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
G-bits Group	10,943	18,948
	10,943	18,948

(ii) Information service revenue

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
G-bits Group	1,389	99

(iii) Commission to game developers

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary	29,823	49,015
Shenzhen Hot Zone Network Technology Co., Ltd.	10,177	2,326
Shenzhen Jishiwu Technology Co., Ltd.	2,728	1,937
Beijing Zhijianlvdong network Technology Co., Ltd.	2,491	–
G-bits Group	2,287	–
	47,506	53,278



36. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant transactions with related parties (continued)

(iv) Marketing and promotion expenses

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary	6,426	38,701
Guangzhou Jodo Information and Technology Co., Ltd.	3,971	27,269
G-bits Group	2,286	18,014
	12,683	83,984

(v) Rental expenses

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
G-bits Group	2,438	2,408



36. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Year end balances with related parties

(i) Trade receivables from related parties

	Year ended 31 December,	
	2024 RMB'000	2023 RMB'000
Game publishing		
G-bits Group	4,449	5,872

The above balances with related parties were mainly denominated in RMB and USD. They were unsecured, trade in nature, non-interest bearing and repayable to the Group on demand.

(ii) Trade payables to related parties

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Commissions charged by game developers		
Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary	7,428	51,956
Shenzhen Hot Zone Network Technology Co., Ltd.	1,528	431
Shenzhen Jishiwu Technology Co., Ltd.	2,824	–
Beijing Zhijianlvdong network Technology Co., Ltd.	538	–
Marketing and promotion		
Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary	958	2,869
Guangzhou Jodo Information and Technology Co., Ltd.	339	2,770
G-bits Group	–	1,120
Total	13,615	59,146

The above balances with related parties were mainly denominated in RMB. They were unsecured, trade in nature, non-interest bearing and repayable on demand.



36. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Year end balances with related parties (continued)

(iii) Prepayments to related parties

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Prepayments for sharing of proceeds and game licenses		
Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary	29,506	29,904
Beijing Zhijianlvdong network Technology Co., Ltd.	886	2,500
Chengdu Lemai Interactive Technology Co., Ltd.	–	2,472
G-bits Group	–	2,264
Shanghai Tuxian Network Technology Co., Ltd.	–	625
	30,392	37,765

The above balances with related parties were mainly denominated in RMB. They were unsecured, trade in nature and non-interest bearing.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

36. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Year end balances with related parties (continued)

(iv) Other receivables from related parties

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Non-trade		
Rental and other deposits (1)		
G-bits Group	223	223
Amounts due from related parties (2)		
Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary	–	3,870
Chengdu Lemai Interactive Technology Co., Ltd.	30	
	253	4,093

(1) According to the leasing agreement, the rental deposits will be repaid by G-bits upon expiry of the leasing agreement.

(2) The amount due from Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary were unsecure, non-trade nature, non-interest bearing and repayable on demand.



36. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management compensation

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Wages, salaries and bonuses	11,142	10,642
Post-employment benefits	419	403
	11,561	11,045

37. CONTINGENCIES

The Group did not have any material contingent liabilities as at 31 December 2023 and 2024.

38. SUBSEQUENT EVENTS

There were no material subsequent events occurred during the period from 31 December 2024 to the approval date of these consolidated financial statements by the Board of Directors on 27 March 2025.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

39. FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Financial position of the Company

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
ASSETS		
Non-current assets		
Investment in subsidiaries	3,747,264	3,692,163
	3,747,264	3,692,163
Current assets		
Prepayments and other assets	772,342	758,081
Short-term investments measured at fair value through profit or loss	665,918	651,871
Cash and cash equivalents	16,136	17,124
	1,454,396	1,427,076
Total assets	5,201,660	5,119,239
EQUITY		
Share capital	44	44
Share premium	5,117,821	5,117,821
Other reserves	572,619	499,650
Accumulated losses	(730,013)	(724,905)
Total equity	4,960,471	4,892,610
LIABILITIES		
Current liabilities		
Other payables and accruals	241,189	226,629
Total liabilities	241,189	226,629
Total equity and liabilities	5,201,660	5,119,239

The balance sheet of the Company was approved by the Board of Directors on 27 March 2025 and was signed on its behalf.

Huang Zhiqiang
Director

Liu Siming
Director



39. FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Other reserves RMB'000	Accumulated losses RMB'000
As at 1 January, 2023	418,202	(736,326)
Profit for the year	–	11,421
Currency translation differences	81,448	–
As at 31 December 2023	499,650	(724,905)
As at 1 January, 2024	499,650	(724,905)
Profit for the year	–	(5,108)
Currency translation differences	72,969	–
As at 31 December 2024	572,619	(730,013)

40. SUMMARY OF OTHER ACCOUNTING POLICIES

40.1 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.



40. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

40.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors of the Company.

40.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currencies of the Company and its subsidiaries outside mainland China are mainly USD, while the functional currencies of the Company's subsidiaries in the mainland China are RMB. As the major operations of the Group during the reporting period are within the mainland China, the Group determined to present its Financial Information in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in consolidated statements of comprehensive income on a net basis within "Other losses, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in consolidated statements of comprehensive income as part of the "Fair value changes on investments measured at fair value through profit or loss".



40. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

40.3 Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognized in other comprehensive income.

The translation differences arising from translation to the Group's presentation currency of the Group's subsidiaries with the same functional currency as the Company is presented as part of items of other comprehensive income that will not be reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

40.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred.



40. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

40.4 Property, plant and equipment (continued)

Depreciation on Property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Servers and other equipment 5 years
- Furniture and appliances 5 years
- Vehicles 5 years
- Leasehold improvements Estimated useful lives or remaining lease terms, whichever is shorter

Property, plant and equipment arising from business acquisition is depreciated over the remaining useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other (losses)/gains, net" in the statements of comprehensive income.

40.5 Intangible assets

Intangible assets mainly include game license, intangible assets are amortized over their estimated useful lives using the straight-line method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.



40. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

40.6 Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 3.3.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. As the derivative financial instruments do not qualify for hedge accounting treatment, the resulting gain or loss is recognized in profit or loss immediately.

40.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

40.8 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of comprehensive loss as finance costs.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting period.



40. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

40.9 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

40.10 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, deposits held by financial institutions and other short-term highly liquid investments with original maturities of three months or less.

40.11 Inventories

Inventories are mainly merchandise and are stated at the lower of cost and net realizable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventories are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

40.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

40.13 Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.



40. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

40.14 Employee benefits

(i) Pension and social obligations

The Group companies operate various defined contribution plan in accordance with the local conditions and practices in which they operate. Defined contribution plans are pensions and the other social benefit plans under which the Group pay fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as labor costs when they are due.

(ii) Employees leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(iii) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.



40. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

40.14 Employee benefits (continued)

(iv) Share-based payment

The Group receives services from employees, directors who has contributed or will contribute to the Group as consideration for equity instruments of the Group. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense in the consolidated statements of comprehensive income with a corresponding increase in equity.

In terms of the shares, the total amount to be expensed is determined by reference to the fair value of equity instruments granted:

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions; and
- Including the impact of any non-vesting conditions.

Non-marketing performance and service conditions are included in calculation of the number of options that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

When the share options are exercised, the Company issues new ordinary shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.



40. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

40.15 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

40.16. Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Interest income from term deposits is included in "Interest income".

40.17 Government subsidies

Subsidies from government are recognized at their fair value where there is a reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions.

Government subsidies relating to costs are recognized in the consolidated statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.



40. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

40.18 Leases

The Group leases offices properties, land and buildings, and servers and other equipment as lessee. Rental contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received any initial direct costs; and
- restoration costs.



40. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

40.18 Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease, if that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in consolidated statements of comprehensive income. Short-term leases are leases with a lease term of 12 months or less and leases with a remaining term of 12 months or less as at the date of initial adoption of HKFRS 16.

The right-of-use assets and the lease liabilities are present separately on the consolidated statement of financial position.

The Group applied the practical expedient by electing not to separate the non-lease components, such as maintenance services provided by the landlord from lease components for the property rental contracts, and instead account for each lease component and any associated non-lease components as a single lease component.

40.19 Dividends distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.



Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	627,962	905,737	630,367	1,105,816	1,226,920
Gross profit	363,115	557,876	422,087	812,599	942,355
Operating profit	42,392	(26,966)	86,588	337,150	119,428
Profit/(loss) before income tax	47,026	(24,965)	78,535	(401,265)	113,316
Income tax benefit/(expenses)	102	(12,635)	(32,879)	32,627	(9,577)
Profit/(loss) for the year	47,128	(37,600)	45,656	(368,638)	103,739
Profit/(loss) attributable to Equity holders of the Company	51,120	(37,371)	50,283	(367,231)	103,739
Earnings/(loss) per share attributable to equity holders of the Company Basic and diluted (RMB)	0.07	(0.05)	0.07	(0.96)	10.88

CONDENSED CONSOLIDATED BALANCE SHEET

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Non-current assets	294,191	318,422	302,793	253,020	106,776
Current assets	1,686,862	1,680,406	1,613,609	1,615,883	628,045
Total assets	1,981,053	1,998,828	1,916,402	1,868,903	734,821
Non-current liabilities	8,715	35,167	16,596	22,735	95,883
Current liabilities	165,517	220,801	140,906	199,833	424,735
Total liabilities	174,232	255,968	157,502	222,568	520,618
Net assets	1,806,821	1,742,860	1,758,900	1,646,335	214,203



Definitions

In this annual report, the following expressions have the meanings set out below unless the context requires otherwise.

“Alibaba”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ordinary shares of which are listed on the Main Board of the Stock Exchange with the stock code: 9988 and its American Depositary Shares (each representing eight ordinary shares) are listed for trading on the New York Stock Exchange under the symbol “BABA”
“Alibaba Lingxi”	Guangzhou Lingxi Interactive Entertainment Limited (廣州靈犀互動娛樂有限公司), a company incorporated under the laws of the PRC with limited liability
“Alibaba Qookka”	Qookka Entertainment Limited (formerly known as Ejoy.com Limited), a company incorporated in Hong Kong with limited liability on February 28, 2012
“ARPPU” or “average revenue per paying user”	average revenue per month per paying user, which is calculated by (i) dividing our revenue from a game for a specified period by the total MPUs of such game for that period, or (ii) dividing our total game revenue for a specified period by the aggregate of the total MPUs of all of our games for that period, as applicable
“A shares”	RMB-denominated stocks of companies incorporated in Mainland China trading on China’s stock exchanges
“Audit Committee”	the audit committee of the Board
“Average MAUs”	calculated by dividing (i) the total MAUs of a game, or (ii) the aggregate of the total MAUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of average MAUs did not consider each game’s data before its official launch
“Average MPUs”	calculated by dividing (i) the MPUs of a game, or (ii) the aggregate of the total MPUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of average MPUs did not consider each game’s data before its official launch
“Board” or “Board of Directors”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“CMGE”	CMGE Technology Group Limited, an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (stock code: 0302)



"Company"	Qingci Games Inc. (青瓷游戏有限公司), an exempted company incorporated in the Cayman Islands with limited liability on March 12, 2021 and whose Shares are listed on the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Financial Statements"	the audited consolidated financial statements of the Group
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, WFOE, QC Digital and the Registered Shareholders
"Director(s)"	the director(s) of our Company
"G-bits"	G-bits Network Technology (Xiamen) Co., Ltd. (廈門吉比特網絡技術股份有限公司), a company incorporated in the PRC with limited liability on March 26, 2004 and is listed on the Shanghai Stock Exchange under the stock code: 603444, a substantial shareholder of the Company
"Global Offering"	has the meaning ascribed to it under the Prospectus
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time
"Guangxi Tencent"	Guangxi Tencent Venture Capital Co., Ltd. (廣西騰訊創業投資有限公司), a company incorporated in the PRC with limited liability
"HKD" or "HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK Kunpan"	Hongkong Kunpan Co., Limited (香港坤磐有限公司), a company incorporated in Hong Kong with limited liability on December 16, 2016, and an indirect wholly-owned subsidiary of G-bits
"HMT"	Hong Kong, Macao and Taiwan
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with any Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
"JPY"	Japanese yen, the lawful currency of Japan



DEFINITIONS

“Latest Practicable Date”	April 7, 2025, being the latest practicable date for ascertaining certain information for inclusion in this report
“Listing”	the listing of Shares on the Main Board of the Stock Exchange on December 16, 2021
“Listing Date”	December 16, 2021 being the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macao”	the Macao Special Administrative Region of the PRC
“Main Board”	the Main Board of the Stock Exchange
“MAU(s)”	monthly active users, which represents the number of active users during a specified calendar month
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“MPU(s)”	monthly paying users, which represents the number of paying players during a specified calendar month
“Nomination Committee”	the nomination committee of the Board
“PRC”, “China” or “Chinese Mainland”	the People’s Republic of China, excluding, for the purposes of this report, Hong Kong, Macao and Taiwan
“PRC Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely QC Digital and its respective subsidiaries
“Prospectus”	the prospectus issued by the Company on December 6, 2021 in connection with the Hong Kong public offering of the Shares
“QC Digital”	QC-Game Digital Technology (Xiamen) Co., Ltd.* (廈門青瓷數碼技術有限公司), a company incorporated in the PRC with limited liability on March 1, 2012
“R&D”	research and development
“Registered Shareholders”	G-bits, Xiamen Sealand, Wofan Qihang, Guangxi Tencent, Alibaba Lingxi, Shanghai Hode, Mr. Yang Xu, Mr. Huang Zhiqiang, Mr. Liu Siming, Mr. Zeng Xiangshuo, Mr. Wei Shumu, Mr. Ye Jiting and Mr. Lin Yiwei



"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	twelve months from January 1, 2024 to December 31, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Rogue-like RPG"	a type of RPG, which allows players to explore and unlock new content by levels in various adventures that embed randomness and surprises through treasure hunt, map discovery and other unpredictable events. Players acquire a sense of excitement during such adventures and a sense of self-achievement as their game avatars grow through their efforts
"RPG"	the role-playing games
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Hode"	Shanghai Hode Information Technology Co., Ltd. (上海幻電信息科技有限公司), a company incorporated in the PRC with limited liability
"Shareholder(s)"	holder(s) of Share(s)
"Shares"	ordinary share(s) in the capital of the Company with nominal value of US\$0.00001 each
"SLG"	the simulation games
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Taiwan"	Taiwan Province of the PRC
"treasury shares"	has the meaning ascribed to it under the Listing Rules
"USD" or "US\$"	United States Dollars, the lawful currency of the United States of America
"US stocks"	stocks trading on the major stock exchanges in the United States of America
"WFOE"	QC Interactive Technology Co., Ltd.* (廈門青瓷互動科技有限公司), a wholly foreign-owned enterprise established in the PRC on May 17, 2021 by QC HK Limited, an indirect wholly-owned subsidiary of our Company



DEFINITIONS

“Wofan Qihang”	Xiamen Wofanqihang Venture Capital Partnership (Limited Partnership)* (廈門蝸帆起航創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 11, 2020, a substantial shareholder of the Company
“Xiamen Sealand”	Xiamen Sealand Capital Nuts Venture Investment Partnership (Limited Partnership)* (廈門國海堅果創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on May 6, 2013, a shareholder of the Company

* For identification purpose only



