CMGE
中手游

为热爱而生

CMGE Technology Group Limited
中手游科技集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0302)

2024
Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. XIAO Jian *(Chairman and Chief Executive Officer)*
Mr. SIN Hendrick *M.H.* *(Vice Chairman)*
Mr. FAN Yingjie

Non-executive Directors

Mr. ZHANG Shengyan
Mr. JIANG Yukai *(appointed with effect from 22 April 2024)*

Independent Non-executive Directors

Ms. NG Yi Kum
Mr. TANG Liang
Mr. HO Orlando Yaukai

AUDIT COMMITTEE

Ms. NG Yi Kum *(Chairlady)*
Mr. TANG Liang
Mr. HO Orlando Yaukai

REMUNERATION COMMITTEE

Mr. HO Orlando Yaukai *(Chairman)*
Mr. SIN Hendrick *M.H.*
Ms. NG Yi Kum

NOMINATION COMMITTEE

Mr. XIAO Jian *(Chairman)*
Mr. TANG Liang
Mr. HO Orlando Yaukai
Ms. NG Yi Kum *(appointed with effect from 27 March 2025)*

CORPORATE GOVERNANCE COMMITTEE

Ms. NG Yi Kum *(Chairlady)*
Mr. SIN Hendrick *M.H.*
Mr. HO Orlando Yaukai

AUTHORISED REPRESENTATIVES

Mr. XIAO Jian
Mr. SIN Hendrick *M.H.*

COMPANY SECRETARY

Ms. LAI Yau Yan Gladys

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The PRC

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PRINCIPAL SHARE REGISTRAR

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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Wanchai
Hong Kong

PRINCIPAL BANKERS

China Guangfa Bank
Shenzhen Branch, Binhai Sub-branch

China Merchants Bank
Shenzhen Branch, Weisheng Building
Sub-branch

Guangdong Huaxing Bank
Shenzhen Branch

China Everbright Bank
Shenzhen Futian Branch

COMPANY'S WEBSITE

www.cmge.com

STOCK CODE

0302

FINANCIAL SUMMARY

FIVE-YEAR FINANCIAL SUMMARY

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	**1,930,091**	**2,605,884**	**2,713,892**	**3,956,570**	**3,820,326**
Gross profit	**603,058**	**943,102**	**1,111,695**	**1,473,490**	**1,223,264**
(Loss)/profit for the year	**(2,110,819)**	(38,041)	(216,880)	593,943	690,200
Adjusted net (loss)/profit[(1)]	**(2,077,723)**	**5,379**	**(196,134)**	**630,028**	**806,950**
Basic (loss)/earnings per Share (RMB)	**(74.56) cents**	(0.73) cents	(7.42) cents	22.85 cents	29.92 cents
Diluted (loss)/earnings per Share (RMB)	**(74.56) cents**	(0.73) cents	(7.42) cents	22.84 cents	29.92 cents
Adjusted basic (loss)/earnings per Share (RMB) [(1)]	**(73.59) cents**	**0.20 cents**	**(7.09) cents**	**23.54 cents**	**34.43 cents**
Adjusted diluted (loss)/earnings per Share (RMB) [(1)]	**(73.59) cents**	**0.20 cents**	**(7.09) cents**	**23.52 cents**	**34.43 cents**
Dividend per Share (HK$)	**N/A**	N/A	N/A	N/A	9.28 cents
Total assets	**5,082,064**	7,089,169	7,153,754	7,841,719	6,330,599
Total liabilities	**1,186,144**	1,394,356	1,461,871	2,047,857	1,529,743
Total equity	**3,895,920**	5,694,813	5,691,883	5,793,862	4,800,856

Note:

(1) "Adjusted net (loss)/profit" is not defined under the HKFRS. It is defined by the Group as net (loss)/profit attributable to owners of the parent excluding equity-settled share-based expense which is non-operating and recurring in nature. The adjusted net (loss)/profit more closely reflects the Group's operating results, after excluding the above-mentioned non-operating item. "Adjusted basic (loss)/earnings per Share" and "Adjusted diluted (loss)/earnings per Share" are the Group's adjusted net (loss)/profit divided by the weighted average number of Shares and potentially dilutive weighted average number of Shares, respectively, in issue during the year.

Dear Shareholders,

2024 was a year full of challenges and changes. The turbulence of geopolitics, the pressure of the external environment, and the complex situation of the internal economy have all added uncertainty to the development of the gaming industry. As the gaming market becomes increasingly mature, the growth of the player base has gradually slowed down. Top gaming companies compete more intensely for players to maintain and expand market shares, which leads to increased difficulties in attracting customers. Meanwhile, the decline in traffic through hardcore channels has further increased the difficulty in attracting customers. In order to address these challenges, the Group increased its business revenue through the continued launch of quality games worldwide. The Group recorded a revenue of RMB1,930.1 million in 2024, of which overseas revenue reached RMB272.1 million, accounting for 14.1% of the Group's total revenue.

Despite the Group's extensive efforts to sharpen financial performance, multiple unfavourable factors have inevitably led to delays in the launch of several projects, particularly the self-developed core game *Legend of Sword and Fairy: World* (仙劍世界). Its post-launch performance also fell short of expectations. In addition, some game development and publishing companies invested by the Group also faced significant operational challenges. During the reporting period, the Group recognised substantial goodwill and investment impairments, along with other non-operating expenses, which placed considerable pressure on its financial performance for 2024.

Considering the evolving competitive landscape and industry trends, the Group has undertaken a thorough review and planning, and reaffirmed its commitment to a strategy of "business focus + cost control", aiming to enhance the depth and quality of its concrete operations. Looking ahead to 2025 and beyond, the Group will implement the following strategic adjustments:

1. **Enhancing the Development of IP Quality Games.** The Group has long been dedicated to publishing IP quality games, establishing a strong competitive edge in the industry. The Group boasts a portfolio of evergreen and revenue-generating IP games, including *One Piece: the Road of the Strong* (航海王強者之路), *One Piece: The Voyage* (航海王熱血航線) and *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情). Between 2025 and 2026, the Group plans to launch several new IP games, including *Sanqian Huanshi* (三千幻世), *Daily Life of Chat Group* (聊天群的日常生活), *Naruto: Konoha Masters* (火影忍者:木葉高手), *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳), *New Rakshasa Street* (新鎮魂街), *Ultraman: Warrior of Light* (奧特曼:光之戰士), *Code: Disney All Stars* (代號:迪士尼全明星) and *Code: DreamWorks All Stars* (代號:夢工廠全明星). These games planned to be launched are all adaptations of immensely popular IPs. Leveraging the Group's extensive experience in IP game publishing, the Group is confident in its ability to produce breakout hits and evergreen games that will generate substantial and long-term profits.

   For future IP game projects, the Group will prioritise exclusive partnerships with IPs that have a defined core fans base, as well as collaborations with IPs with high popularity in the market that not yet be fully developed. Meanwhile, the Group will also seek developers with proven success in game development, expertise in long-term gameplay mechanics and mature commercialisation model, and the agility to support rapid version iterations, and will forge deep and lasting partnerships with them. Alignment between IP attributes and gameplay mechanics is ensured during project approval. In the selection of game categories, the Group will consider selecting games covering both the casual game market and overseas markets. Project approval of games will be strictly governed by precisely controlling project cost and development timelines.

2. **Strengthening our presence in the Hong Kong, Macau, and Taiwan markets, and further expand the Japanese, Korean, and Southeast Asian markets in 2025.** The Group has extensive publishing experience in the Hong Kong, Macau, and Taiwan markets, with past successes including *The New Legend Of The Condor Heroes: Iron Blood and Loyal Heart* (新射鵰群俠傳之鐵血丹心), which have achieved a monthly gross billing of over RMB100 million, as well as multiple games including *Dynasty Warriors: Hegemony* (真・三國無雙霸) and *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), which topped the Best Selling Game List of Apple's App Store. Between 2025 and 2026, the Group plans to successively launch multiple games in overseas markets, including *Fights Break Firmament: Peak Confrontation* (斗破蒼穹:巔峰對決) in Hong Kong, Macau, and Taiwan, *Soul Land: Space and Time Reversal* (斗羅大陸:逆轉時空) and *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) in Asia, and *Dynasty Warriors: Hegemony* (真・三國無雙霸) in Japan.

   The Group's overseas publishing strategy focuses on commercially proven games from the domestic market to ensure a higher publishing success rate in overseas markets.

3. **Cultivating the Mini-Games Market to Become a Leading Mini-Games Publisher in Mainland China.** The Group has successfully launched multiple hit mini games, such as *The Story of the Flying Mortal* (凡人飛仙傳), *The National Gunlord – The Frontier* (全民槍神:邊境王者) and *Battle of Ling Xiao* (凌霄戰紀), each of which has generated gross billing exceeding several hundred million RMB. In January 2025, the Group launched *Chunqiu Mystery* (春秋玄奇), a game blending Hong Kong-style comic aesthetics with lightweight strategy gameplay, which achieved over RMB100 million in gross billing within three months of its launch. These results highlight the Group's extensive expertise in selecting and publishing mini games.

   In April 2025, the Group will release *Sanqian Huanshi* (三千幻世), a new pixelated mini game based on a collection of Chinese animes, officially licensed by Tencent's WeComics. More games will be launched in the subsequent period.

4. **Optimising In-House Development Team, Focus on the Legendary Games and Innovative Mini Games.** The open-world game *Legend of Sword and Fairy: World* (仙劍世界), developed by the Group's Mantianxing Studio (滿天星工作室) based on *Legend of Sword and Fairy* (仙劍) IP, did not meet expectations after its launch, despite significant investment by the Group. This has posed major challenges for the Group's in-house development business. The Group has learnt the experience and timely undertaken a structural and personnel optimisation of the *Legend of Sword and Fairy: World* (仙劍世界) project while redesigning its commercialisation model. Efforts will also be made to maximise the collection of upfront investment in research and development while ensuring regular maintenance and iterations of the existing version.

   The Group's wholly-owned subsidiary, Wenmai Hudong, has developed multiple industry well-known and successful legendary games including *The World of Legend – Thunder Empire* (傳奇世界之雷霆霸業), *War Song – the Creation* (熱血戰歌之創世) and *Legend of Dragon City* (龍城傳奇). Building on this expertise, Wenmai Hudong continues to develop and is set to launch another legendary game, *Code: Dark Night Legend* (代號:暗夜傳奇), in the first half of 2025. Wenmai Hudong will continue to focus on developing legendary games and keep innovation on the basis of inheritage. Meanwhile, Wenmai Hudong will leverage its strengths in agile development, focusing on low-cost investments and swift market validation to foster innovation in its mini-game development segment, and providing the Group with more competitive games in the mini game market.

Beyond the above strategic adjustments, the Group is actively exploring the untapped potential of AI games. As AI technology continues to advance, especially a recent breakthrough in a domestically developed AI agent has obtained significant attention. This AI agent achieved viral success on social media overnight due to its human-like interactions and autonomous decision-making. Not only does this AI agent showcase a scientific bereakthrough, but also signifies a major shift of AI application from "laboratory experimentation" to "mass-market applications". This transformation represents a major opportunity for the game industry and drives new waves of innovation. The Group will explore the integration of AI with mini-game development, making meaningful innovations in gameplay revolution. Looking ahead, the Group aims to create innovative AI-driven mini games with games levels and contents autonomously designed by AI.

The Group remains committed to operating the *Legend of Sword and Fairy* (仙劍奇俠傳) IP in line with fans' expectations. In 2025, this IP is set for an exciting year with a series of great developments. As the new story of the standalone game series under *Legend of Sword and Fairy* (仙劍) IP kicks off, animation of *Legend of Sword and Fairy 3* (仙劍三) will be officially launched on Tencent Video in 2025. Multiple animation projects are also underway in collaboration with high-quality partners. Several games developed based on the *Legend of Sword and Fairy* (仙劍) IP that have been launched continue to attract new fans. With the release of more animated series, revenue from the *Legend of Sword and Fairy* (仙劍) IP's derivative works and licensing is expected to grow. In the realms of turn-based games and innovative mini games, the Group will further continue to collaborate with top industry partners, aiming to drive new revenue streams. The Group is also exploring licensing collaborations for *Legend of Sword and Fairy* (仙劍) IP across various sectors, including films, interactive dramas, concerts, stage plays, live entertainment and lifestyle products, to further enrich the *Legend of Sword and Fairy* (仙劍) IP's entertainment portfolio and enhance the interactive experience for its fans.

In addition, the Group has adopted stronger and more effective cost control measures in the area of corporate governance. During the reporting period, the Group has completed organisational structure streamlining, resulting in a substantial reduction in the staff costs, venue expenses and other fixed costs in 2024. The Group has improved work efficiency and enhanced the overall competence of its staff, strengthened project approval processes, streamlined parallel projects, reduced various expenditure, and leveraged the application of artificial intelligence generated content ("**AIGC**") to lower costs. As a result, the Group has effectively controlled its costs across various areas. Through the above-mentioned adjustments for reducing costs and improving efficiency, the organisational structure of the Group has become more streamlined, and its operational efficiency has been further enhanced. Through AIGC applications, the Group has reduced research and development costs of games in areas of art production, copywriting, dubbing and testing and increased efficiency of research and development. The Group's research and development costs in 2024 reduced by 34.0% year-on-year. It is believed that as AI applications become more deeply integrated across the entire research and development and operational processes in the future, the outcomes in cost reduction and efficiency enhancement will be even more pronounced.

The Group firmly believes that leveraging on the advantages and experiences of the Group in game publishing and research and development field and combining with its own strong IP right resources, the Group will continue to make efforts in the fields of global IP quality games, innovative mini games, self-developed games and IP operation segments, and with the successive launch of a variety of IP quality games, innovative mini games and self-developed games globally after a long period of optimisation, the Group will enter a comprehensive profit recovery period in 2025, enabling the Group's various business segments to return to the growth track.

BUSINESS REVIEW

Global Publishing of IP Quality Games and Innovative Mini Games

During the reporting period, the Group launched three new IP quality games and two innovative mini games, delivering fresh gaming experiences to global game players while generating solid revenue contributions for the Group. Meanwhile, multiple previously released games of the Group maintained stable revenue performance. Regrettably, the launch timelines for several new games originally scheduled for 2024 were delayed due to additional time required for refinements and optimizations as a result of the shifts in user demand, resulting in extended version adjustment cycles. Furthermore, certain newly released games underperformed during the reporting period, impacting the Group's publishing revenue scale. For the year ended 31 December 2024, revenue from the Group's publishing business reached RMB1,664.5 million.

Publishing of IP Quality Games in Mainland China

The Group has successfully launched 3 new IP quality games during the reporting period.

The mobile game *Soul Land: Shrek Academy* (斗羅大陸:史萊克學院), adapted from the novel and animation of *Soul Land* (斗羅大陸) and published jointly by the Group and Tanwan.com (貪玩遊戲), was launched on 31 January 2024 in Mainland China. Before the game was launched, the number of user reservations exceeded 6 million and it recorded gross billing of over RMB100 million in the first month of its launch and ranked first in the Top Free Game List and 24th in the Best Selling Game List of Apple's App Store and the first in the TapTap's Popular List. The game was rated as the "Best Chinese Animation IP Game of 2024 (2024年度最佳國漫IP遊戲)" by the Huawei Developer Conference and was rated as the "Best New Game of 2024 (2024年度最佳新遊)" by many developer conferences.

The mobile game *Fights Break Firmament: Peak Confrontation* (斗破蒼穹:巔峰對決), adapted from the novel and animation of *Fights Break Firmament* (斗破蒼穹), which was developed by Shenzhen EZfun Interactive Technology Co., Ltd. ("**EZfun Interactive**"), a company in which the Group invested, was officially launched in Mainland China in June 2024. Before the game was launched, the number of reservations on all platforms exceeded 6 million, and it ranked second on the Top Free Game List and ranked 30th on the Best Selling Game List of Apple's App Store during the first month of its launch, and received Mobile Hardcore Alliance's Super Star Recommendation. Regrettably, the game exhibited shortcomings in its long-term gameplay design, failing to sustain the revenue advantage from its initial launch phase. It experienced a significant revenue decline in the second half of 2024 and failed to reach expected returns. In response to these circumstances, the Group partnered with the developer EZfun Interactive to conduct in-depth optimisation of the game, enhance user experience, and will continue to refine game versions and conduct regular updates.

In September 2024, the Group launched *Soul Land: Space and Time Reversal* (斗羅大陸:逆轉時空), the third mobile game adapted from the *Soul Land* (斗羅大陸) IP in Mainland China. The game was developed by the Love Games (Shanghai) Internet Technology Co., Ltd. (樂府互娛(上海)網絡科技有限公司) invested by the Group, and it ranked first on the Top Free Game List of Apple's App Store after its launch. User acquisition costs continue to rise due to fierce competition for traffic in the mobile game market. The number of new users of *Soul Land: Space and Time Reversal* (斗羅大陸: 逆轉時空) did not meet expectations since its initial launch, and the revenue of the game during the reporting period also fell short of expectations. However, the game's user retention rate, payment rate and daily active users (DAU) showed stable performance and there is a rise in user reputation with the TapTap rating increasing from 6.0 to 6.7. The Group remains confident in the long-term revenue capabilities of the game.

Multiple games released and operated in the past years had steady performance. Games such as *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), *The New Legend Of The Condor Heroes: Iron Blood and Loyal Heart* (新射鵰群俠傳之鐵血丹心), *Dynasty Warriors: Hegemony* (真・三國無雙霸), *One Piece: The Voyage* (航海王熱血航線) and *One Piece: the Road of the Strong* (航海王強者之路) sustained good profitability in Mainland China and brought steady revenue for the Group during the reporting period.

Some new games were originally scheduled to be launched in 2024, such as *Daily Life of Chat Group* (聊天群的日常生活), *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) and *Naruto: Konoha Masters* (火影忍者:木葉高手), were unable to be launched as scheduled in 2024, because more time was needed to conduct fine polishing due to changes in users' demand, which led to longer version tuning cycle. The Group attaches great importance to product quality and has established special project working groups with various research and development partners to fully advance the project progress through measures such as optimising resource allocation, strengthening technical collaboration, and improving the testing system. The Group will adhere to the "quality" strategy and strive to achieve the launch of these products in batches within 2025 under the premise of ensuring game quality, bringing players a better gaming experience.

Publishing of Innovative Mini Games in Mainland China

In 2024, the Group's new mini-game product *Smash* (消個錘子) has surged to the 32nd place on the Best Selling List of WeGame since its launch, and ranked first among tower defence and match-three games. Another mini game *My Lord, Don't Run* (主公別跑), published by the Group during the reporting period, recorded monthly gross billing exceeding RMB10 million for multi-months after its launch.

Innovative mini games, including *Battle of Ling Xiao* (凌霄戰紀) and *The National Gunlord – The Frontier* (全民槍神:邊境王者), published by the Group in the past years operated steadily during the reporting period and will keep updating game versions. While providing gaming services for players, these games will continue to provide steady revenue and profit for the Group.

Overseas Publishing of Games

During the reporting period, several newly launched IP quality games and previously launched games achieved solid revenue performance in overseas markets. In 2024, revenue from overseas businesses accounted for 14.1% of the Group's revenue.

The role playing card game, *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), which was developed based on the Group's proprietary IP, *Legend of Sword and Fairy* (仙劍奇俠傳), was launched in Hong Kong, Macau and Taiwan in December 2023. In the first month of its launch, it ranked first in the Top Free Game List of Apple's App Store in above three regions, ranked first in the Best Selling Game List of Apple's App Store in Hong Kong and Macau and ranked third in the Best Selling Game List of Apple's App Store in Taiwan. The game maintained its strong momentum in 2024, brought considerable revenue for the Group and was rated as the "Most Popular Original Online Games of 2024 (2024最受歡迎原創網絡遊戲)" by Guangdong Entertainment & Game Industry Association (廣東省遊戲產業協會).

The *Soul Land: Shrek Academy* (斗羅大陸:史萊克學院), was launched in Hong Kong, Macau and Taiwan in August 2024. During the first week of its launch, it ranked first in the Top Free Game List of Apple's App Store in Hong Kong, Macau and Taiwan, ranked 4th in the Best Selling Game List of Apple's App Store in Hong Kong and 7th in the Best Selling Game List of Apple's App Store in Taiwan. It gained priority publication in the Apple's App Store in Taiwan and won the recommendation of the day. The Google Play Store in Hong Kong, Macau and Taiwan also recommended the game on their home page on the day of its launch.

Self-Development of Games

The Group has devoted itself fully to game research and development work in 2024. In 2024, the open world game, *Legend of Sword and Fairy: World* (仙劍世界), self-developed by the Group, was successively rated as the "The Most Anticipated Game of 2024" (2024年度最受期待遊戲) by the Huawei Developer Conference, the Mobile Hardcore Alliance, the vivo Developer Conference, the OPPO Developer Conference, the Honor Game, the Golden Plume Award (金翎獎), the Lenovo Tianxi-Eco Partner Conference, Xiaomi Partner Conference and other institutions.

A new legendary category game *Code: Dark Night Legend* (代號:暗夜傳奇) self-developed by Wenmai Hudong also finished its development in 2024. The gameplay of the game is in line with the previous successful game *The World of Legend - Thunder Empire* (傳奇世界之雷霆霸業) of Wenmai Hudong, which takes the core appeal of classic legendary game players as the design guide and retains the original legendary art style. In terms of gameplay designs, the *Code: Dark Night Legend* (代號:暗夜傳奇) fully keeps classic professional system, iconic maps, equipment collection systems, BOSS challenges, game instance, player versus player ("**PVP**") and other core gameplays, while innovatively integrating guild society, cross-server competition and other characteristic functions, which not only satisfies sentimental needs of experienced payers, but also increases user attachment through social interactions, laying a solid foundation for long-term operation of products. The game will be officially released to players in the first half of 2025.

Street Basketball (全民街籃), a competitive game self-developed by Shanghai Zhoujing, a subsidiary controlled by the Group, has implemented many tests during 2024. However, the testing data was unable to meet expectations, which also caused considerable losses to the Group. During the reporting period, the project has been transferred to a third party partner for adjustment and optimisation and publication.

Legend of Sword and Fairy (仙劍奇俠傳) IP Operation

During the reporting period, the revenue generated from the Group's IP licensing was approximately RMB116.5 million.

In September 2024, the Group completed its acquisition of the overseas copyright of the *Legend of Sword and Fairy* (仙劍奇俠傳), which has greatly contributed to the unified planning of the *Legend of Sword and Fairy* (仙劍) IP. The creation of "the *Legend of Sword and Fairy* (仙劍) IP universe" is a very important core task for the Group's IP licensing business segment. During this process, the Group pays attention to the in-depth communication and collaboration with partners to explore the potential of the *Legend of Sword and Fairy* (仙劍) IP together, striving to demonstrate the most characteristic culture of the *Legend of Sword and Fairy* (仙劍) in every aspect.

In terms of films and television series, *Legend of Sword and Fairy 4* (仙劍四), which was co-produced by the Group and iQiyi (愛奇藝), was officially broadcasted on iQiyi (愛奇藝) in January 2024. Meanwhile, the films and television series of *Sword and Fairy: Qi Jinzhao* (祈今朝), adapted from *Legend of Sword and Fairy 6* (仙劍奇俠傳六) and filmed by Shandong Film and Television Production Co., Ltd. (山東影視製作股份有限公司), the producer of popular television dramas such as *Nirvana in Fire* (琅琊榜) and *The Disguiser* (偽裝者), was officially broadcasted on Tencent Video in January 2024. These two television series of the *Legend of Sword and Fairy* (仙劍) IP were successively broadcasted during the 2024 Chinese New Year and have captured great attention from the audience. The television series of *Sword and Fairy: Youjian Xiaoyao* (又見逍遙), adapted from *Legend of Sword and Fairy 1* (仙劍奇俠傳一), which were jointly produced by the Group and Penguin Pictures (企鵝影視), have been released in April 2024 and gained an excellent reputation.

For the derivatives development of the *Legend of Sword and Fairy* (仙劍) IP, the Group continued its collaboration with Pop Mart (泡泡瑪特) and launched blind boxes series The Legend of Sword and Fairy Chinese Traditional Festival Figures Series (仙劍奇俠傳中國傳統節日系列手辦) and The Legend of Sword and Fairy Chinese Traditional Musical Instrument Figures Series (仙劍奇俠傳中國傳統樂器系列手辦) for global sale, and the crowdfunding scale of the classic weapon model series of *The Legend of Sword and Fairy* (仙劍) in cooperation with Alibaba Group's innovative entertainment platform - Alifish (阿里魚) has exceeded RMB10 million. Meanwhile, the Group collaborated with Infinity Studio (開天工作室) under Shanghai Qiku Network Technology Co., Ltd. (上海起酷網絡科技有限公司), APEX-TOYS under Apex Cultural Technological Development Co., Ltd (上海湃思文化科技發展有限公司), Myethos under Myethos (Hangzhou) Culture Media Co., Ltd. (彌索(杭州)文化傳媒有限公司), TriEagles under Shanghai Yibingzai Animation Co., Limited (上海懌稟仔動漫有限公司), Suplay Toys under Beijing Suplay Technology Co., Ltd. (北京超級玩咖科技有限公司) and other well-known partners to launch many art toys items in 2024, including pop beans series of *Legend of Sword and Fairy* (仙劍), Gift + series figures, figure of A Nu (阿奴), statue of Zhao Linger (趙靈兒), statue of Lin Yueru (林月如) and other figures, which gained support from consumers.

In July 2024, the Group successfully held the 29th anniversary celebration of *Legend of Sword and Fairy* (仙劍奇俠傳), and held relevant offline events in Hangzhou, Zhejiang Province, Changzhou, Jiangsu Province and Chongqing to celebrate the 29th anniversary of *Legend and Sword and Fairy* (仙劍奇俠傳) with players in various forms of activities, including concerts, live-action murder mystery games, float parades, fireworks celebrations, *Legend of Sword and Fairy* (仙劍) inn-themed pop-up stores, etc. The real scene projects of *Legend of Sword and Fairy* (仙劍) have started operations in Chongqing in 2023, and in Hangzhou, Zhejiang Province and Changzhou, Jiangsu Province in July 2024.

In April 2024, the Group and Guangzhou Chaojing Investment Co., Ltd. (廣州超競投資有限公司) ("**Chaojing Group**") officially reached a strategic cooperation. Chaojing Group used the talent resources of its EDG eSports club and its two MCN organisations, Shanghai Zhongwo Culture Communication Co., Ltd. (上海眾沃文化傳播有限公司) and Shanghai Chaohuiyuan Culture Co., Ltd. (上海超會元文化有限公司), and procures Hopson Commercial Co., Ltd. (合生商業有限公司) ("**Hopson Commercial**"), an affiliated company, to leverage its offline business such as commercial complexes, hotels and apartments. Chaojing Group will support the Group in IP game publishing and exploring an online + offline, innovative and cross-border business model, which will bring more players to the IP games of the Group at low cost and enhance player base. *Legend of Sword and Fairy: World* (仙劍世界) is teaming up with Hopson One (合生匯) under Hopson Commercial, to plan a series of activities to cultivate and set up offline consumption regime for *Legend of Sword and Fairy: World* (仙劍世界). Both parties jointly promote a series of creative events in Hopson One (合生匯) to enhance players' immersion, driving customer activation within the mall, deepening emotional connection with customers, and strengthening brand awareness. For the commercial cooperation of *Legend of Sword and Fairy* (仙劍奇俠傳), a proprietary IP of the Group, both parties will jointly promote commercial licensing and cooperation in related businesses such as fast moving consumer goods, cultural tourism, pop-up stores, personal care and beauty, theme parks, theme catering hotels, etc., further exerting the influence of *Legend of Sword and Fairy* (仙劍) IP and exploring its commercial value.

Social Responsibility

The Group has always fulfilled its social responsibility in different dimensions. The Group's business does not have a significant impact on the environment. The Group has always adhered to the concept of environmental protection and integrated environmental protection and environmental management into its business decisions. The Group has established environmental, social and governance policies and procedures, and has incorporated the concept of sustainable development into its daily management to continuously enhance the environmental protection awareness of the employees of the Group. Through the implementation of paperless approval procedures and comprehensive use of web conferencing, the reduction of paper usage and the frequency of business travel, the Group has reduced carbon emissions and the impact of production and business operations on the natural environment. In 2024, the Group was rated as "ESG Comprehensive Governance Benchmarking Enterprises (ESG綜合治理標杆企業)" by the Economic Observer.

The Group has also been actively involved in the cause of social welfare development, with a particular focus on the healthy learning and growth of youth. The Group has successively collaborated with China Population Welfare Foundation (中國人口福利基金會) and Lingshan Foundation (靈山基金會), and supported the "CMGE Dream Libraries (中手游築夢圖書館)" project for a long time to promote reading among the youth, and the operation of this project has been under steady implementation. From 2017 to 2024, thirteen "CMGE Dream Libraries (中手游築夢圖書館)" have been successively constructed in Yunan, Guangdong Province, Zhengding, Hebei Province, Meihekou, Jilin Province, Yangchun, Guangdong Province, Jishan, Shanxi Province, Luxi, Jiangxi Province, Huoqiu, Anhui Province, Enshi, Hubei Province, Jiyuan, Henan Province, Heyuan, Guangdong Province, Jizhou, Tianjin Province, Ji'an, Jiangxi Province, Huayuan, Hunan Province. The thirteenth "CMGE Dream Library (中手游築夢圖書館)" was constructed at Solidarity Center Primary School (團結中心小學), Huayuan Town, Huayuan County, Xiangxi Tujiazu and Miaozu Autonomous Prefecture, Hunan Province in September 2024. By virtue of the public welfare project, "CMGE Dream Libraries (中手游築夢圖書館)", in which the Group has had long-term commitment, the Group was recognised as the "Outstanding Enterprise of Social Responsibility of 2024 (2024年度社會責任傑出企業)" by Internet Weekly (《互聯網週刊》), and "Most Socially Responsible Listed Company (最具社會責任上市公司)" by Stockstar (證券之星).

The Group actively promotes industry self-discipline, purifies the cyber environment and ensures the healthy growth of minors. The Group has successively participated in the research and preparation of four standards namely "Online Game Terminology (網絡遊戲術語)" Group Standards, "Game Age-Appropriate Prompt Specification (遊戲適齡提示規範)", "Game Enterprise Content Self-assessment Process Specification (遊戲企業內容自審流程規範)" and "Parental Monitoring Platform Specification (家長監護平台規範)" so as to contribute to the promotion and implementation of the industry standardisation. The Group also strictly follows the relevant national policies, and all published games are embedded with a real-name authentication system, an anti-addiction system and age limit reminders, striving to ensure the healthy growth of minors. As of 2024, minor players under the age of 18 accounted for less than 0.01% of the Group's revenue from games for five consecutive years.

2025 BUSINESS OUTLOOK

The Group stands firm on the development strategy of "business focus + cost control" against the current fierce competition in the industry and the challenges brought by the change in the external environment is tremendous. Business focus means the Group will spare no efforts to building core competitiveness. The Group enlarges the inveatments in self-developed products and continuously improves publishing services to outstrip users' expectations on every detail. Cost control is another weapon that copes with external pressure and safeguards the healthy development of the enterprise. The Group will sort out its resources to maximise resource utilisation, deeply implementing AIGC applications for cost reduction and efficiency enhancement, optimising management processes, improving the efficiency of human resource management and reducing various expenses. In this process, the Group will stay committed to openness and cooperation, actively seeking win-win cooperations with partners within and outside the industry. Through resource sharing and complementary strengths, the Group and its partners can jointly resist market risks and expand rooms for development. Under the market environment with supporting policies aiming to boost the domestic gaming industry, the Group will fully leverage its experience in implementing AI applications for cost reduction and efficiency enhancement during game development in the past two years, strive to deepen the usage of AI technologies for gameplay innovation on its gaming business and accelerate the progress toward the field of AI-native game innovation business.

The table below sets forth the product reserves planned to be published by the Group in 2025:

Projects	Latest progress	Platform	Category	Publishing area	License
1. *Chunqiu Mystery* (春秋玄奇)	Published in January 2025	Mobile/mini-game	Card	Mainland China	Obtained
2. *Legend of Sword and Fairy: World* (仙劍世界)	Published in February 2025	Cross-platform	Open world role-playing game ("**RPG**")	Mainland China	Obtained
3. *Tauren-T GO* (牛頭人GO)	Published in January 2025	Mobile	Tower defence and match-three	Hong Kong, Macau, Taiwan, Singapore and Malaysia	/
4. *Sanqian Huanshi* (三千幻世)	Initial beta test	Mobile/Mini-game	Strategic card	Mainland China	Obtained
5. *Daily Life of Chat Group* (聊天群的日常生活)	Initial beta test	Mobile	RPG + card	Mainland China	Obtained
6. *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳)	Second beta test	Mobile	Strategic RPG	Mainland China	Obtained
7. *Naruto: Konoha Masters* (火影忍者:木葉高手)	Initial beta test	Mobile	Idle card	Mainland China	Obtained
8. *Ultraman: Warrior of Light* (奧特曼:光之戰士)	Under development	Mobile	Card	Mainland China	Obtained
9. *Code: Dark Night Legend* (代號：暗夜傳奇)	Third beta test	Mobile/	Legendary	Mainland China	Application in progress
10. *New Rakshasa Street* (新鎮魂街)	Under development	Mobile/ mini-game	Idle card	Mainland China	Application in progress
11. *Code C* (代號C)	Under development	Mini-game	Card	Mainland China	Application in progress
12. *Code D* (代號D)	Under development	Mini-game	Card	Mainland China	Application in progress
13. *Fights Break Firmament: Peak Confrontation* (斗破蒼穹: 巔峰對決)	Under development	Mobile	Action game (ACT)	Hong Kong, Macau and Taiwan	/
14. *Soul Land: Space and Time Reversal* (斗羅大陸: 逆轉時空)	Under development	Mobile	Card	Asia	/
15. *Soul Land: Shrek Academy* (斗羅大陸: 史萊克學院)	Under development	Mobile	MMORPG	Korea and Vietnam	/
16. *Dynasty Warriors: Hegemony* (真•三國無雙霸)	Under development	Mobile	Action game (ACT)	Japan	/
17. *Code A* (代號A)	Under development	Mobile	Card	Hong Kong, Macau and Taiwan	/
18. *Code B* (代號B)	Under development	Mobile	Card + Tower defence	Hong Kong, Macau and Taiwan	/

Global Publishing of IP Quality Games and Innovative Mini Games

Publishing of IP Quality Games in Mainland China

Various IP quality games prepared by the Group for long time, such as *Daily Life of Chat Group* (聊天群的日常生活), *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳), *Naruto: Konoha Masters* (火影忍者:木葉高手), *New Rakshasa Street* (新鎮魂街) and *Ultraman: Warrior of Light* (奧特曼:光之戰士) have gone through multiple rounds of adjustments and optimisations, and are set to be launched successively in 2025.

With the official authorisation by the animation committee of *Naruto* (火影忍者), the Group's exclusive idle card mobile game, *Naruto: Konoha M*asters (火影忍者:木葉高手), opened player reservation in August 2024, started its tests in December 2024 and is planned to be launched in the first half of 2025. Players in the game can rencontre classic characters, such as Uzumaki Naruto (鳴人), Uchiha Sasuke (佐助), Haruno Sakura (小櫻) and Hatake Kakashi (卡卡西) through original voice actors, and immerse in the strategic fun brought by a new insight of vertical screen mode.

Licensed by Koei Tecmo Games Co., Ltd. and adapted from a classic game *Three Kingdoms: The Legend of Cao Cao* (三國志曹操傳), a multi-domain strategical RPG mobile game *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) began its first paid test in August 2024 and the second paid test - "Competing Test (逐鹿測試)" in February 2025. It is planned to be launched in 2025. The game *New Romance of the Three Kingdoms: The Legend of Cao Cao* (新三國志曹操傳) has been meticulously developed over four years, with grand original storylines and biography that intertwine to present a sweeping epic of the Three Kingdoms. The game features uniquely designed and diverse battlefields with over 200 historical generals, more than 30 terrain types and 8 weather conditions. Combining unit type advantage and Zone of Control (ZOC) mechanics, the game offers players a rich tactical strategy experience.

Ultraman: Warrior of Light (奧特曼:光之戰士), a 3D combat card game based on the official Ultraman IP, has received its game licence approval, as confirmed in the recent announcement of new game licence approvals by the National Press and Publication Administration on 20 January 2025. The game will soon begin full-channel pre-registration, offering players an exciting adventure journey. This game is scheduled to be launched within 2025. Through an immersive experience, players will step into the Ultraman universe, feeling the fusion of classic IP with modern technology. *Ultraman: Warrior of Light* (奧特曼:光之戰士) innovatively combines card strategy and 3D combat gameplay. Players can collect cards from the entire Ultraman series and build the strongest team through strategic combinations and upgrades. Characters possess their iconic skills and attacks, requiring players to strategically combine cards and tackle challenges. The game deeply integrates classic Ultraman elements with strategic card gameplay, preserving the exciting elements of the IP while introducing a new dimension of strategic progression. Players will have a unique experience that blends nostalgia with innovation.

The Group's mobile game projects, developed under the authorised IP *Code: DreamWorks All Stars* (代號:夢工廠全明星) licensed from licensing companies of Universal Studios and *Code: Disney All Stars* (代號:迪士尼全明星) licensed from Walt Disney Company (China) Limited, are expected to complete research and development and enter beta phases within 2025.

With extensive long-term operation experience, the Group has sustained lifespans for multiple quality IP games far exceeding industry averages. For instance, *One Piece: the Road of the Strong* (航海王強者之路) has remained in operation for over 9 years and it still maintains stable revenue performance. The Group extended its long-term operation experience to other games including *One Piece: The Voyage* (航海王熱血航線), *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), and *Soul Land: Shrek Academy* (斗羅大陸:史萊克學院), all of which have formulated detailed version update schedules and player reward programs. delivering high-quality gaming services for players and generating stable profits for the Group.

Publishing of Innovative Mini Games in Mainland China

In January 2025, the Group published a new mini game *Chunqiu Mystery* (春秋玄奇), which ranked 24th in the Best Selling List of WeGame in the first month of its launch, raced to 10th in the second month and its ranking continued to rise. Its payment retention rate significantly outperformed that of same types of products. *Chunqiu Mystery* (春秋玄奇) achieved cumulative gross billing exceeding RMB100 million within three months of its launch and its revenue performance has surpassed expectations. Based on the outstanding market performance of *Chunqiu Mystery* (春秋玄奇) in 2025, the Group will step up advertising and increase more exposure for it in 2025. The game is expected to achieve an even better result in 2025 and contribute profit to the Group on an ongoing basis.

A new pixelated mini game *Sanqian Huanshi* (三千幻世) collected more than 10 top-tier Chinese anime IPs will be launched by the Group in the first half of 2025, with the official authorisation by Tencent's WeComics. The game is bound to give players a unique experience. *Sanqian Huanshi* (三千幻世) has once soared to the second of the TapTap pre-registration list. Leveraging a wealth of experience of the Group in IP game development and mini-game operations, the Group expresses confidence in the market prospects of this game. The Group estimated that the successful launch of the game would further solidify its leading position in the mini game and inject new forces for the Group's overall performance.

The National Gunlord – The Frontier (全民槍神:邊境王者), the Group's first mini game launched in 2019, has maintained stable operations for six years. As an influential mini game in FPS field, it achieved leapfrog growth amid fierce market competition. As of 31 December 2024, the game's all-channel active users reached 91 million, with total registered users surpassing 600 million. This massive user base not only strongly demonstrates players' passion for the game, but also reflects its impressive game brand popularity. Meanwhile, the game adheres to the concept of high-frequency updates, releasing pristine contents continuously, and each update strives to fulfill players' increasingly diversified demands. Leveraging the above strengths, *The National Gunlord – The Frontier* (全民槍神:邊境王者) has become a successful mini game with an exceptionally long lifecycle, and will continue to contribute profits to the Group together with other innovative mini games previously published.

According to the official data of Tencent, there is only a 35% overlap rate between paying users in mini-games and traditional mobile game market, which indicates a low overlap rate between mini-game and traditional mobile game paying users. Innovative mini games will attract more new users to the gaming industry and become a new driver for the Group's business growth in 2025.

Overseas Publishing of Games

In January 2025, the mini game *Tauren-T GO* (牛頭人GO) published by the Group was officially launched in Hong Kong, Macau, Taiwan, Singapore and Malaysia, and surged to No.1 on the Top Free Game List of Apple's App Store in Hong Kong, Taiwan and Singapore in 4 days after its launch. It is also the overseas version of *Smash* (消個錘子), the Group's successful and innovative mini game launched in Mainland China.

In terms of overseas publishing, the Group will successively launch *Fights Break Firmament: Peak Confrontation* (斗破蒼穹:巔峰對決) in Hong Kong, Macau and Taiwan, *Soul Land: Space and Time Reversal* (斗羅大陸:逆轉時空) and *Soul Land: Shrek Academy* (斗羅大陸:史萊克學院) in Asia regions, as well as *Dynasty Warriors: Hegemony* (真・三國無雙霸) in Japan in 2025.

In 2025, the Group plans to sign cooperation contracts with multiple successful game products with top ranking. Currrently, the cooperation projects *Code A* (代號A) and *Code B* (代號B) have been confirmed and will be published in overseas markets within 2025. The new games released in overseas markets, together with the previously launched games, will increase overseas business revenue for the Group.

Self-Development of Games

Legend of Sword and Fairy: World (仙劍世界) was officially launched on 19 February 2025. Millions of players have downloaded and participated in the game, giving the project team sincere suggestions and feedbacks such that the Group can know the existing problems of the game and its room for optimisation. Currently, *Legend of Sword and Fairy: World* (仙劍世界) has several large defects. For example, the game has an overly large volume, causing it to have high reliance for hardware performance of mobile phones and resulting in poor experience of mobile users. The game has poor visual quality in mobile terminals with low image quality and dim lighting. The early gameplay lacks effective guidance for new users, resulting in severe user attrition and poor commercial performance. All these defects have seriously affected the game's market performance and revenue in the first month fell short of expectations. The project team of *Legend of Sword and Fairy: World* (仙劍世界) immediately prioritised fixing and optimising works for issues occurred in the game. On 18 March 2025, a latest optimised version was deployed, demonstrating that the Group is trying its best to improve player experience. The sequel version and planning of the game will continue to iterate on the basic image quality, operation and interactivity, the streamlining of the main storyline, the adjustment and optimisation of core gameplay as well as game enjoyment, accelerate the resolution of the game's problems and bugs collected from enthusiastic players, and ensure continuous content updates and long-term operations. Considering the long-term development of the *Legend of Sword and Fairy: World* (仙劍世界) project, in order to better adapt to market changes and improve research and development efficiency, the Group has optimised and adjusted the relevant work functions and modules of the research and development team, ensuring that the team maintains its sustainable development capability in the fast-changing market. After the adjustment, the core research and development resources will be concentrated on critical areas which directly affect players' experience, including version development, gameplay innovation and technical breakthroughs. Such resources will also be focused on the improving adjustment and optimisation of *Legend of Sword and Fairy: World* (仙劍世界) and development efficiency of new versions. Meanwhile, the Group will strengthen communication with players, enabling them to clearly follow new versions and understand the optimisation progress of current version through developer logs. The Group will also improve the transparency of version updates and optimisation, so as to not disappoint our players. With the optimisation and adjustment and efficiency improvement of our team, *Legend of Sword and Fairy: World* (仙劍世界) will sustain the scheduled adjustment and optimisation and publication plan of subsequent versions, and maintain subsequent steady operation in 2025.

A new self-developed legendary game *Code: Dark Night Legend* (代號:暗夜傳奇) by Wenmai Hudong is scheduled to be launched in the first half of 2025 officially. With Wenmai Hudong's abundant experience and professional technology superiority cultivated in the development of legendary games over the years, a 8-month exquisite polishing with multiple tests, adjustments and optimisation on *Code: Dark Night Legend* (代號:暗夜傳奇) helped the game to reach an industry-leading level concerning product quality and user experience. Given the excellent performance of former self-developed game *The World of Legend - Thunder Empire* (傳奇世界之雷霆霸業), which the highest monthly gross billing exceeded RMB200 million, *Code: Dark Night Legend* (代號:暗夜傳奇) made remarkable breakthrough in respect of innovative core gameplay, social system improvement, commercialised design and others. In terms of artistic design, *Code: Dark Night Legend* (代號:暗夜傳奇) achieves a refined balance between heritage and innovation. By utilising rendering technology of next generation to improve image performance, the game creates game scenarios and character appearances with more visual impact. These artistic innovations will enable the game to appeal to younger users while satisfying core users' preferences, thereby increasing user acquisition of the game. In terms of user guidance, the game implements a progressive experience system specifically designed for casual users. Through a streamlined tutorial system, clear objective setting, and a phased gameplay unlocking mechanism, new players can rapidly develop game awareness. These game mechanisms ensure continuous goal and novelty attainment while subtly guiding players to accept and like the core legendary gameplay, ultimately realising the natural conversion from casual to core players. This design philosophy preserves new players' initial experience while ensuring the healthy development of the game ecosystem and effectively boosting retention rates and activeness of users. In terms of gameplay innovation, the game innovatively introduces social interaction functions including guilds and cross-server competitions. These mechanics not only strengthen user stickiness, but also elevate their payment willingness, thus enhancing the game's profitability. Therefore, the Group believes the game will not only continue the market performance of its predecsssor, but will also achieve new breakthroughs in multiple dimensions such as user scale, revenue contribution and brand influence. It will become another outstanding self-developed product of Wenmai Hudong, providing strong support for the Group's continuous efforts in the research and development of self-developed games.

***Legend of Sword and Fairy* (仙劍奇俠傳) IP Operation**

The upcoming 2025 will embrace the 30th anniversary of *Legend of Sword and Fairy* (仙劍奇俠傳). To mark the occasion, the Group will initiate a series of celebratory events. *Legend of Sword and Fairy: World* (仙劍世界) launched in February 2025 brings *Legend of Sword and Fairy* (仙劍) IP to new chapter. A wide range of activities were well-planned for the anniversary, covering films and television series, comics and animation and games accompanied by immersive online and offline experiences. Through hosting themed animation exhibitions, immersive game experience museum, large-scale comic conventions, themed music festival, celebratory carnival and other activities, these activities do not only provide an interactive platform for new and existing fans but also create a unique room for them to share memories and heritages. In this way, all fans will be able to resonate emotionally in the *Legend of Sword and Fairy* (仙劍) universe, further improving user attachment and brand recognition.

The Group has strategically cooperated with Tencent's Penguin Pictures (企鵝影視) to jointly produce the animation series of *Legend of Sword and Fairy 3* (仙劍奇俠傳三) and is also driving the development of the animation series of *Legend of Sword and Fairy 1* (仙劍奇俠傳一) in collaboration with high-quality partners. The animation series of *Legend of Sword and Fairy 3* (仙劍奇俠傳三) is scheduled to be released on Tencent Video in 2025. The production of the animation series of *Legend of Sword and Fairy 4* (仙劍奇俠傳四), which will be jointly launched by the Group and Bilibili, has also begun.

The novel of *Legend of Sword and Fairy 1* (仙劍奇俠傳一) jointly published by the Group and CITIC Press Corporation (中信出版集團股份有限公司) was released in January 2025. *Legend of Sword and Fairy 5* (仙劍奇俠傳五), *Prequel of Legend of Sword and Fairy 5* (仙劍奇俠傳五前傳), *Legend of Sword and Fairy 3* (仙劍奇俠傳三), *Legend of Sword and Fairy 3 Gaiden* (仙劍奇俠傳三外傳) and *Legend of Sword and Fairy 6* (仙劍奇俠傳六) and two official original derivative works *Yao Tai Xue* (瑤台雪) and *Qiong Hua Hou Zhuan* (瓊華後傳), all of which are in creation stages, will also be released successively in 2025.

The Group will work closely with every partner to continuously release new products by developing derivative works of *Legend of Sword and Fairy* (仙劍) IP. In 2025, the Group will launch more statues with higher collection value in the field of collectable statues, and the statues with professional modelling institutions, such as TriEagles, Taya Studio (田也工作室), Lightyear Studio (光年工作室) and STAREXVA Studio (Star Club) (STAREXVA工作室 (星星社)) will be released in the market one by one. With the continuous release of various works of *Legend of Sword and Fairy* (仙劍) IP, the Group believes that revenue from related derivative works and licensing is expected to increase further.

The mobile game *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), launched by the Group, is currently operating steadily and will continue to generate IP revenue sharing for the Group. The new standalone game series of *Legend of Sword and Fairy* (仙劍) franchise enters the preparation phase in 2025. The story for this new series will be designed with a longer-term perspective, involving an expansive narrative that will span the equivalent of three similar standalone games. This approach will not only address the issue of narrative continuity between multiple standalone titles but will also make the entire series grander and more cohesive. The relevant outline has been completed, and the next step will be to collaborate with industry-leading partners to advance the animation and game's development. The development of the standalone game *Legend of Sword and Fairy 4: Remake (仙劍奇俠傳四重製版)* is progressing orderly, with the first promotional video released in 2024. It will soon be officially presented to players. The Group is also actively promoting the collaborative development of the remastered version of standalone game *Legend of Sword and Fairy 1 (仙劍奇俠傳一)*. In the future, the Group intends to explore new collaborations in the fields of turn-based games and innovative mini games with top industry partners to develop more exciting games under *Legend of Sword and Fairy* (仙劍) franchise.

Since the release of *Legend of Sword and Fairy: World* (仙劍世界) for PC, mobile and cloud gaming in February 2025, the Group instantly initiated a user-generated content ("**UGC**") co-creation activity via platforms like Sina Weibo, Douyin, Bilibili, TapTap, Rednote and the Sword and Fairy Alliance (仙劍聯盟). Every creator was invited to participate in the theme song cover, cosplay ("**COS**"), fan-made art, fan fiction and game walkthrough with user co-creation as the core to foster IP ecosystem growth. The activity featured a large and diverse resource pool amounting to millions, including cash prizes, internet traffic support from different platforms and business cooperation opportunities, was offered to excellent creators, enabling their work to attract a wider audience. By bridging UGC creation and official operations, the activity motivated users' enthusiasm for content generation, while feeding off the game ecosystem through quality work to drive IP value growth in the long run. *Legend of Sword and Fairy: World* (仙劍世界) integrated intangible heritages such as Suzhou Pingtan (蘇州評彈) and Guqin (古琴, an ancient musical instrument), revitalising traditional culture through its interactive gameplay. At the same time, Luo Jiyi (駱集益), a music producer of *Legend of Sword and Fairy* (仙劍), created dynamic background music ("**BGM**") targeting exploration, combat, character shaping and other diverse scenarios for the open world of *Legend of Sword and Fairy: World* (仙劍世界), to seamlessly integrate music and gameplay in complete harmony and enhance immersion in the game. Memories of *Legend of Sword and Fairy* (仙劍) IP were reawakened because the classic melody of the IP was recomposed in a modern way. An exclusive and limited vinyl record released under the name of "*Legend of Sword and Fairy: World* (仙劍世界)×Luo Jiyi (駱集益)" has been put out as a benefit for players, amplifying *Legend of Sword and Fairy* (仙劍) musical influence through cross-media method.

Legend of Sword and Fairy· Immersive Game Center (仙劍奇俠傳·沉浸劇場), located in Shanghai, was officially opened in January 2025 and hosted an offline activity themed "Meeting the Sword" for the 30th anniversary of *Legend of Sword and Fairy*. The *Legend of Sword and Fairy· Immersive Game Center* (仙劍奇俠傳·沉浸劇場) skillfully combines the character story of *Legend of Sword and Fairy 1* (仙劍一), *Legend of Sword and Fairy 3* (仙劍三) and *Legend of Sword and Fairy 4* (仙劍四) and re-adapts to more than 500 questlines. Players will experience immersive interactions with professional actors in a primely constructed real-scene ancient theatre and enjoy the fun of unlocking the story.

During *Legend of Sword and Fairy* (仙劍) IP operations, the Group integrates the *Legend of Sword and Fairy* (仙劍) with traditional Chinese culture to explore new avenues for cultural export positively. Organising offline cultural activities, developing derivatives and cooperating with traditional cultural institutions can widen IP impact and facilitate the inheritance and innovation of traditional Chinese culture nowadays. *Legend of Sword and Fairy* (仙劍) will be imaged to users vividly and intuitively by way of virtual reality experience, online interactive exhibition and offline interactive show, further raising the international influence of Chinese culture.

Last but not least, thanks to all colleagues for their hard work and preserverence, investors for their long-term trust and support and our users for their enduring passion on the Group's games, all of which are the source of motivation for the Group to continuously progress and improve. The Group firmly believes that with continuous enhancement of self-development capability and optimisation of product structure, the Group will improve the game quality to a new level. At the same time, the Group will deepen strategic cooperation with partners. The Group will surely stand out in the fierce market competition and show our strength. Also, the Group will increase the research and development investments in AIGC technology and market trends and actively explore future development paths of the gaming industry, to realise steadier growth and create more glorious performance in the forthcoming 2025 and beyond. A time will come to ride the wind and cleave the waves, setting cloud-like sail to cross the sea which raves. The Group will always uphold the values of "integrity, transparency, honesty, in-depth thinking and long-termism (正直守信、透明坦誠、深度思考、長期主義)" and the mission of "creating quality products with passion" (用熱愛鑄造精品), and be a company that is full of passion and creativity!

By order of the Board
XIAO Jian
Chairman

Hong Kong, 27 March 2025

As of 31 December 2024, the Group had a vast IP reserve of a total of 119 IPs, comprising 51 licensed IPs and 68 proprietary IPs.

The table below sets forth the Group's revenue and gross billings derived from its IP-based games and non-IP based games for the years indicated:

	For the year ended 31 December	
	2024 Revenue RMB'000	2023 Revenue RMB'000
IP-based games		
(i) licenced and proprietary IPs held by the Group	**1,019,207**	1,631,293
(ii) IPs held by game developers	**34,804**	68,903
Non-IP based games	**876,080**	905,688
Total	**1,930,091**	2,605,884

The Group is committed to creating a highly competitive IP-based game ecosystem. Apart from proprietary IPs, the Group also actively obtained a large number of selected licenced IPs from third parties and adapted them into premium IP-based games for users. For the year ended 31 December 2024, the Group's total number of IP games in operation reached 19 and total revenue generated from the Group's IP games reached RMB1,054.0 million.

The following table sets forth the key performance indicators, namely, (i) Average MAUs; (ii) Average MPUs; (iii) ARPPU; and (iv) total new registered users of the Group for the years indicated:

	For the year ended 31 December	
	2024	2023
Average MAUs *(thousands)*	**14,713**	17,057
Average MPUs *(thousands)*	**1,015**	1,189
ARPPU *(RMB)*	**158.5**	182.6
Total new registered users *(thousands)*	**74,536**	92,870

The newly released mini games during the reporting period, including *Smash* (消個錘子) and *My Lord, Don't Run* (主公別跑), along with mini games that were released in previous years, including *Battle of Ling Xiao* (凌霄戰紀) and *The National Gunlord – The Frontier* (全民槍神:邊境王者), have expanded the number of lite-game players and elevated the scale of new users and active users. However, the average MAUs, average MPUs and ARPPU declined as the market performance of some games launched by the Group during the reporting period failed to meet the expectation, and certain games previously launched by the Group entered the late stage of their life cycles. The Group had approximately 74.5 million newly registered users in 2024.

The Group received the following main awards and recognitions for the quality and popularity of its games or services, as well as the contributions to social responsibility:

Award/Recognition	Date of Award	Awarding Institution/Authority
2024 Innovative Application Award under Golden i Award (金i獎2024年度創新應用獎)	June 2024	China Internet Weekly published by the Chinese Academy of Sciences (中國科學院《互聯網週刊》), IT Research Centre under Chinese Academy of Social Sciences (中國社會科學院信息化研究中心), eNet Research Centre (eNet研究院) and Deben Consultation (Beijing) Co., Ltd. (德本諮詢 (北京) 有限公司)
Top10 Excellent and Leading Game Enterprise (強基領航遊戲企業Top10)	July 2024	CGDC China Game Market Data Insight Forum (CGDC中國遊戲市場數據洞察論壇)
White Horse Award for 2024 Chinese Game Enterprises (2024年度中國遊戲企業白馬獎)	July 2024	CGDC China Game Market Data Insight Forum (CGDC中國遊戲市場數據洞察論壇)
Mobile Hardcore Alliance Annual Best Partner in the 8th Black Stone Awards (第八屆黑石獎硬核年度最佳合作夥伴公司)	July 2024	Mobile Hardcore Alliance (硬核聯盟)
Guangdong Top 500 Enterprise (廣東省企業500強)	September 2024	Enterprise Association of Guangdong (廣東省企業聯合會) and Entrepreneur Association of Guangdong (廣東省企業家協會)
Top 100 Modern Service Industry Enterprises (現代服務業企業TOP100)	September 2024	Enterprise Association of Shenzhen (深圳市企業聯合會) and Entrepreneur Association of Shenzhen (深圳市企業家協會)

Award/Recognition	Date of Award	Awarding Institution/Authority
Most Socially Responsible Listed Company (最具社會責任上市公司)	November 2024	Stockstar (證券之星)
"Golden Finger Award" as Outstanding Enterprise in the Chinese Game Industry 2024 (2024年度金手指獎中國遊戲行業優秀企業)	November 2024	The 20th Chinese Game Industry Annual Conference 2024 (《2024(第二十屆) 中國遊戲行業年會)》) of China Culture and Entertainment Industry Association (中國文化娛樂行業協會)
"Golden Plume Award" as Most influential Mobile Game Publisher (金翎獎最具影響力移動遊戲發行商)	November 2024	Shanghai Hanwei Xinheng Exhibition Co., Ltd (上海漢威信恒展覽有限公司)
Most Valuable Digital Economy Enterprise (最具投資價值數字經濟企業)	December 2024	Cailianpress (財聯社)
Top 20 Guangdong Game Enterprises of "Golden Diamond Award" 2024 (金鑽榜2024年度廣東遊戲企業20強)	January 2025	Guangdong Entertainment & Game Industry Association (廣東省遊戲產業協會)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following table sets forth the comparative figures for the years ended 31 December 2023 and 2024:

	For the year ended 31 December	
	2024 **RMB'000**	2023 RMB'000
Revenue	**1,930,091**	2,605,884
Cost of sales	**(1,327,033)**	(1,662,782)
Gross Profit	**603,058**	943,102
Other income and gains, net	**108,268**	117,426
Selling and distribution expenses	**(494,316)**	(306,494)
Administrative expenses	**(137,897)**	(155,700)
Research and development costs	**(244,255)**	(370,256)
Impairment of financial and contract assets, net	**(255,573)**	(89,936)
Other expenses		
– Impairment of goodwill	**(546,759)**	(65,477)
– Write-off of prepayments	**(211,827)**	(26,858)
– Fair value losses on financial assets at fair value through profit or loss	**(696,299)**	(33,538)
– Impairment of other intangible assets	**(211,557)**	(3,094)
– Others	**(39,883)**	(18,811)
Finance costs	**(19,852)**	(19,638)
Share of losses of a joint venture	**—**	—
Share of profits and losses of associates	**4,010**	3,545
Loss before tax	**(2,142,882)**	(25,729)
Income tax credit/(expense)	**32,063**	(12,312)
Loss for the year	**(2,110,819)**	(38,041)
Attributable to:		
Owners of the parent	**(2,105,005)**	(20,079)
Non-controlling interests	**(5,814)**	(17,962)
	(2,110,819)	(38,041)
Adjusted net (loss)/profit	**(2,077,723)**	5,379

Adjusted net (loss)/profit

The table below sets forth a quantitative reconciliation of the Group's adjusted net (loss)/profit for the years indicated:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss for the year attributable to owners of the parent	**(2,105,005)**	(20,079)
Add		
(i) Equity-settled share-based expense	**27,282**	25,458
Adjusted net (loss)/profit	**(2,077,723)**	5,379

Revenue

The Group's revenue decreased by approximately 25.9% from RMB2,605.9 million for the year ended 31 December 2023 to RMB1,930.1 million for the year ended 31 December 2024.

Revenue by category:

	For the year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Game publishing	**1,664,508**	**86.2**	2,133,803	81.9
Game development	**149,122**	**7.7**	215,105	8.3
IP Licensing	**116,461**	**6.1**	256,976	9.8
Total	**1,930,091**	**100.0**	2,605,884	100.0

(i) The Group's game publishing revenue decreased by 22.0% from RMB2,133.8 million for the year ended 31 December 2023 to RMB1,664.5 million for the year ended 31 December 2024. During the reporting period, the Group's newly launched mobile games *Soul Land: Shrek Academy* (斗羅大陸:史萊克學院), *Fights Break Firmament: Peak Confrontation* (斗破蒼穹:巔峰對決), and *Soul Land: Space and Time Reversal* (斗羅大陸:逆轉時空) achieved high rankings on various game charts upon release. Additionally, several mini games, including *Smash* (消個錘子), *My Lord, Don't Run* (主公別跑), *Battle of Ling Xiao* (凌霄戰紀) and *The National Gunlord – The Frontier* (全民槍神:邊境王者), delivered strong revenue performance. However, multiple games originally scheduled for launch during the reporting period experienced varying degrees of version optimization delays, resulting in postponed releases. The revenue performance of the newly launched game *Fights Break Firmament: Peak Confrontation* (斗破蒼穹:巔峰對決) and *Soul Land: Space and Time Reversal* (斗羅大陸:逆轉時空) failed to meet expectation, and the revenue from certain launched games that entered its late life cycle declined, leading to a decrease in publishing revenue compared to the same period last year;

(ii) The Group's game development revenue decreased by 30.7% from RMB215.1 million for the year ended 31 December 2023 to RMB149.1 million for the year ended 31 December 2024. The self-developed game under *the Legend of Sword and Fairy* (仙劍) IP, *Legend of Sword and Fairy: World* (仙劍世界), successfully completed its research and development in 2024. Regrettably, its initial launch schedule has been set for 2025, which prevented it from entering the market within 2024 and caused it to miss a valuable opportunity to contribute to the Group's revenue during the reporting period. Meanwhile, *Code: Dark Night Legend* (代號:暗夜傳奇), a game under the legendary category, independently developed by Wenmai Hudong, completed development and entered the testing phase in 2024. However, its testing period exceeded the expected timeline, resulting in the game not being launched during the reporting period; *Street Basketball* (全民街籃), the competitive game self-developed by Shanghai Zhoujing, failed to reach the target several times in 2024 and was not released; and

(iii) The revenue generated from the Group's IP licensing decreased by 54.7% from RMB257.0 million for the year ended 31 December 2023 to RMB116.5 million for the year ended 31 December 2024.

Cost of sales

The Group's cost of sales consists primarily of (i) commissions charged by publishing channel and content providers ("**CPs**"); (ii) commissions charged by IP owners; and (iii) amortisation of royalties from games and IPs held by third-party game developers and the Group. The table below sets forth the Group's cost of sales by category, and its contribution to the revenue of the Group as a percentage, for the years indicated:

	For the year ended 31 December			
	2024		2023	
	RMB'000	**% to Revenue**	RMB'000	% to Revenue
Commissions charged by publishing channels and CPs	**1,027,361**	**53.2**	1,264,338	48.5
Commissions charged by IP owners	**81,314**	**4.2**	151,989	5.8
Amortisation of game royalties	**41,479**	**2.1**	143,189	5.5
Amortisation of IP royalties	**59,655**	**3.1**	20,838	0.8
Others	**117,224**	**6.1**	82,428	3.2
Total	**1,327,033**	**68.7**	1,662,782	63.8

The Group's cost of sales decreased by 20.2% from RMB1,662.8 million for the year ended 31 December 2023 to RMB1,327.0 million for the year ended 31 December 2024. Such decrease was primarily attributable to: (i) the decrease in the Group's overall game publishing and game development revenue has led to a corresponding decrease in commissions charged by corresponding channels, CPs and IP owners; (ii) during the reporting period, the licensing contracts relating to various IPs expired, the amortisation of IP royalties has increased. The Group's amortisation of IP royalties increased by 186.3% from RMB20.8 million for the year ended 31 December 2023 to RMB59.7 million for the year ended 31 December 2024.

Gross profit and gross profit margin

The Group's gross profit decreased by 36.1% from RMB943.1 million for the year ended 31 December 2023 to RMB603.1 million for the year ended 31 December 2024. The Group's gross profit margin decreased from 36.2% for the year ended 31 December 2023 to 31.2% for the year ended 31 December 2024. The decrease in gross profit margin was mainly due to the fact that the Group's game development revenue decreased during the reporting period and various self-developed games produced by Wenmai Hudong were launched through third party channel operators, resulting in an increase in channel costs corresponding to game development revenue, thus decreasing the gross profit margin.

Other income and gains

The Group's other income and gains consist primarily of (i) bank interest income; (ii) government grants; and (iii) fair value adjustment of contingent consideration. The table below sets forth the Group's other income and gains by category for the years indicated:

	For the year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Bank interest income	**773**	**0.7**	1,567	1.3
Government grants	**5,631**	**5.2**	28,680	24.4
Fair value adjustment of contingent consideration	**100,000**	**92.4**	68,925	58.7
Dividend income from financial assets at fair value through profit or loss	**—**	**—**	10,569	9.0
Others	**1,864**	**1.7**	7,685	6.6
Total	**108,268**	**100.0**	117,426	100.0

The Group's other income and gains decreased by 7.8% from RMB117.4 million for the year ended 31 December 2023 to RMB108.3 million for the year ended 31 December 2024. The decrease was mainly due to (i) less government grants have been obtained by the Group during the reporting period; and (ii) no gains from investment dividends and foreign exchange were recorded during the reporting period; both of which have been partly offset by the fair value adjustment of contingent consideration recorded during the reporting period.

Selling and distribution expenses

The Group's selling and distribution expenses consist primarily of (i) marketing expenses; and (ii) salaries and welfare. The table below sets forth the Group's selling and distribution expenses by category and its contribution to the total revenue of the Group as a percentage for the periods indicated:

	For the year ended 31 December			
	2024		2023	
	RMB'000	**% to Revenue**	RMB'000	% to Revenue
Marketing and promotion expenses	**468,317**	**24.3**	262,741	10.1
Salaries and welfare	**19,102**	**1.0**	34,117	1.3
Depreciation and amortisation	**1,092**	**0.1**	3,830	0.2
Others	**5,805**	**0.3**	5,806	0.2
Total	**494,316**	**25.7**	306,494	11.8

The Group's selling and distribution expenses increased by 61.3% from RMB306.5 million for the year ended 31 December 2023 to RMB494.3 million for the year ended 31 December 2024. The Group continued to optimise organisational operation efficiency and streamline its staff, and actively controlled the cost of relevant sales personnels, resulting in a continuous decrease in relevant salaries and welfare expenses. The increase in selling and distribution expenses during the reporting period was mainly due to the fact that: (i) new IP games, i.e. *Soul Land: Shrek Academy* (斗羅大陸:史萊克學院), *Fights Break Firmament: Peak Confrontation* (斗破蒼穹:巔峰對決) and *Soul Land: Space and Time Reversal* (斗羅大陸:逆轉時空) were published by the Group in 2024, as well as a number of WeChat mini games, such as *Smash* (消個錘子) and *My Lord, Don't Run* (主公別跑), resulting in more marketing expenses being incurred during the launch of new games; (ii) *Legend of Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), which was launched in Hong Kong, Macau and Taiwan in December 2023, has been in the promotion stage during the reporting period, resulting in an increase in related promotion expenses; and (iii) user reservation promotion and marketing related to *Legend of Sword and Fairy: World* (仙劍世界) have been increased before its launch in 2024, resulting in more promotional expenditures.

Administrative expenses and research and development costs

The Group's administrative expenses and research and development costs consist primarily of (i) research and development costs; (ii) salaries and welfare for management and administrative departments; and (iii) office costs and utilities. The table below sets forth the Group's administrative expenses and research and development costs by category and its contribution to the total revenue of the Group as a percentage for the periods indicated:

	For the year ended 31 December			
	2024		2023	
	RMB'000	% to Revenue	RMB'000	% to Revenue
Research and development costs	**244,255**	**12.7**	370,256	14.2
Salaries and welfare for management and administrative departments	**88,159**	**4.6**	87,147	3.4
Office costs and utilities	**46,982**	**2.4**	49,752	1.9
Others	**2,756**	**0.1**	18,801	0.7
Total	**382,152**	**19.8**	525,956	20.2

The Group's administrative expenses and research and development costs decreased by 27.3% from RMB526.0 million for the year ended 31 December 2023 to RMB382.2 million for the year ended 31 December 2024. The decrease was primarily attributable to the sustaining application of innovative AIGC technology on game development has practically reduced the cost in art creation, content writing, game dubbing and game testing. Research and development costs decreased by 34.0% from RMB370.3 million for the year ended 31 December 2023 to RMB244.3 million for the year ended 31 December 2024; and the Group actively promoted adjustments for reducing costs and improving efficiency and strictly controlled salaries and office costs for management and administrative departments. The office costs decreased by 5.6% from RMB49.8 million for the year ended 31 December 2023 to RMB47.0 million for the year ended 31 December 2024. As the Group issued new share options during the reporting period, the salaries and welfare increased slightly compared with the same period last year.

Impairment of financial and contract assets, net

The Group's asset impairment loss refers to the impairment loss on financial assets of trade receivables, other receivables and other assets. According to the relevant management policies under HKFRS 9, the impairment loss on financial and contract assets recorded by the Group increased by 184.2% from RMB89.9 million for the year ended 31 December 2023 to RMB255.6 million for the year ended 31 December 2024. The increase was mainly due to: (i) given the Group has initiated legal proceedings against some of its partners who failed to perform their contractual obligations, impairment for pending litigation of RMB63.8 million and for other outstanding receivables of RMB15.9 million were made during the reporting period. The Group keeps negotiating with professional lawyers to protect its legitimate rights and interests in a practical manner; and (ii) during the reporting period, the credit terms of some trade receivables were extended, thus the Group provided impairment of RMB175.8 million. The Group is in close communication with the counterparties to procure them to make the relevant payments.

Other expenses

The Group's other expenses increased by 1,054.7% from RMB147.8 million for the year ended 31 December 2023 to RMB1,706.3 million for the year ended 31 December 2024. The increase was primarily attributable to: (i) Wenmai Hudong and Shanghai Zhoujing recorded loss due to its underperformance in 2024, and the Group recorded goodwill impairment of Wenmai Hudong of approximately RMB529.9 million and that of Shanghai Zhoujing of approximately RMB16.8 million; (ii) financial assets at fair value through profit or loss recorded loss of RMB696.3 million assessed by a third party agency, because for the year ended 2024 the revenue of certain investee companies of the Group failed to meet expectations in 2024 due to a combination of adverse factors, such as intensifying market competition, the mounting difficulty of product innovation and weak consumption; (iii) during the reporting period, the Group recorded impairment of intangible assets for research and development expenditures of *Legend of Sword and Fairy: World* (仙劍世界) of approximately RMB157.7 million and the impairment of other intangible assets of approximately RMB53.9 million, such as IP licences and CP licences; and (iv) write-off of prepayments of approximately RMB211.8 million for the abandoned releases and contracts matured of game and IP licences.

Finance costs

The Group's finance costs mainly consist of interest expenses, which increased by 1.1% from RMB19.6 million for the year ended 31 December 2023 to RMB19.9 million for the year ended 31 December 2024, mainly due to an increase in interest expenses of the bank borrowings of the Group.

Share of loss of a joint venture

Shenzhen Boliang Technology Co., Ltd. (深圳博良科技有限公司), which was regarded as the joint venture of the Group under the applicable accounting policies, has been deregistered during the year ended 31 December 2024. As at 31 December 2023, the Group held a 60% equity interest in the said joint venture.

The Group's share of loss of a joint venture for the year ended 31 December 2024 was nil (for the year ended 31 December 2023: Nil).

Share of profits and losses of associates

The Group's share of profits and losses of associates increased from a profit of RMB3.5 million for the year ended 31 December 2023 to a profit of RMB4.0 million for the year ended 31 December 2024, which mainly included share of profit of Shenzhen Zhichengqianli Investment Enterprise (Limited Partnership) (深圳市志成千里投資企業 (有限合夥)) of RMB6.3 million and share of loss of Shanghai Fengguo Network Technology Co., Limited (上海蜂果網絡科技有限公司) of RMB2.5 million.

Loss before tax

As a result of the foregoing, the Group's loss before tax increased from a loss of RMB25.7 million for the year ended 31 December 2023 to a loss of RMB2,142.9 million for the year ended 31 December 2024.

Income tax credit/expense

The Group's income tax credit/expense turned from an expense of RMB12.3 million for the year ended 31 December 2023 to a credit of RMB32.1 million for the year ended 31 December 2024. It was mainly because the Group recognised deferred income tax credit of RMB56.3 million.

Loss for the year

As a result of the foregoing, the Group's loss for the year increased from a loss of RMB38.0 million for the year ended 31 December 2023 to a loss of RMB2,110.8 million for the year ended 31 December 2024.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 December 2024, the Group funded its cash requirements principally from cash generated from its operating activities and financing activities. The Group had cash and cash equivalents of RMB210.6 million and RMB101.8 million as at 31 December 2023 and 2024, respectively. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash which are not restricted as to use.

The Group generally deposits its excess cash in its interest-bearing bank accounts and current accounts. The Group believes that its liquidity requirements will be satisfied by using a combination of (i) cash generated from its operating activities; (ii) bank and other borrowings; (iii) other funds raised from the capital markets from time to time; (iv) the net proceeds received from the subscription of new Shares by Farrich Investments Limited completed on 22 July 2024 (the "**First Subscription**"); and (v) the net proceeds received from the subscriptions of new Shares by Infini Global Master Fund, Farrich Investments Limited and Actoz Soft Hong Kong Limited completed on 22 October 2024 (the "**Second Subscription**"). The Group currently does not have any plans for material additional external financing.

Indebtedness

For the year ended 31 December 2024, the Group obtained bank and other loans of RMB627.2 million and repaid bank and other loans of RMB609.4 million.

As at 31 December 2024, the Group had bank and other borrowings of RMB512.8 million which are denominated in RMB (2023: RMB495.0 million). The effective interest rates on the Group's unsecured bank loans of RMB462.0 million (2023: RMB495.0 million) and unsecured other loans of RMB22.0 million (2023: nil) range from 2.0% to 4.7% and 5.0% to 12.0% respectively. The Group's secured bank loans of RMB28.8 million (2023: nil) were interest free and were secured by the Group's bills receivable of RMB28.8 million as at 31 December 2024.

As at 31 December 2024, the lease liabilities of the Group were RMB22.5 million (2023: RMB26.9 million).

Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss as at 31 December 2024 have decreased as compared to 31 December 2023. The decrease was mainly attributable to disposals of certain unlisted equity investments amounting to a total of approximately RMB125.8 million and the unrealised fair value losses of approximately RMB696.3 million recognised during the reporting period. The relatively significant fair value losses mainly arose from certain investee companies of the Group which have been in operation difficulty in 2024 due to a combination of adverse factors, such as intensifying market competition, the mounting difficulty of product innovation and weak consumption, and from certain listed equity investments of the Group which have experienced a decline in the market price at the end of the year 2024. As at 31 December 2024, the Group's financial assets at fair value through profit or loss mainly include listed equity investments, unlisted equity investments, and convertible loans and other debt instruments, representing 5.1%, 71.3% and 23.6% of financial assets at fair value through profit or loss, respectively. As at 31 December 2024, the Group has invested in approximately 20 companies, the business nature of which is mainly game development. The Group regularly appoints professional independent valuers to evaluate the fair value of unlisted investments, including financial assets falling under Level 2 and Level 3 of the fair value hierarchy. The fair values of the unlisted investments have been estimated by using various applicable valuation techniques, including the discounted cash flow approach, adjusted net assets value method and other option pricing models.

Prepayments

As at 31 December 2024, the prepayments of the Group amounted to approximately RMB1,367.0 million, representing a decrease of 4.4% as compared with approximately RMB1,429.3 million as at 31 December 2023. The prepayments of the Group mainly included prepaid licence fees (non-current) of approximately RMB737.6 million, prepaid minimum guarantees (current) of approximately RMB443.3 million, prepaid investment cost of approximately RMB149.3 million and other prepayments of approximately RMB36.8 million. The underlying contracts for such prepayments for licence fees and minimum guarantees were made with more than 50 renowned enterprises worldwide, representing more than 60 operating or developing games and will be amortised monthly after the game development is completed and officially launched.

Off-balance sheet commitments and arrangements

As at 31 December 2024, the Group did not enter into any off-balance sheet transactions (2023: Nil).

KEY FINANCIAL METRICS

The table below sets forth the Group's key financial metrics for the years indicated:

	For the year ended 31 December/ as at 31 December	
	2024	2023
Current ratio (times) (1)	**1.44**	1.71
Gearing ratio (2)	**13.2%**	8.7%
Gross profit margin	**31.2%**	36.2%

Notes:

(1) Current ratio is the Group's current assets divided by its current liabilities as at the end of each financial year.

(2) Gearing ratio is total debt divided by total equity as at the end of each financial year. Total debt equals to the Group's total bank and other borrowings.

CAPITAL EXPENDITURES

The Group's historical capital expenditures primarily included royalties paid to game developers and IP owners. The Group funded its capital expenditure requirements during the year ended 31 December 2024 mainly with its internal resources.

The Group's capital commitments as at 31 December 2023 and 2024 amounted to RMB280.0 million and RMB134.1 million, respectively. The Group's capital commitments as at 31 December 2024 were for the purchase of IP and game licences.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS OR DISPOSAL

On 11 September 2024 (after trading hours), SuperNova Overseas Limited ("**SuperNova**"), the Group's wholly-owned subsidiary, entered into an assignment agreement (the "**Assignment Agreement**") with Softstar Entertainment Inc. (大宇資訊股份有限公司) ("**Softstar**"), pursuant to which SuperNova agreed to acquire, and Softstar agreed to assign to SuperNova, all registered or unregistered IP rights (including but not limited to copyright and trademark), competitive rights, trade secrets, goodwill under the common law and related rights owned by Softstar and Softstar's related corporations ("**Softstar Related Corporations**"), in all regions (except Mainland China), pertinent to the game series *Legend of Sword and Fairy* (仙劍奇俠傳) and all existing and future derivative works from, and music, content literature, art works, videos and audio works in, such game series (whether the same are created prior to or after the signing of the Assignment Agreement) (the "**Target IP Rights**") at a total consideration of RMB18,300,000 in cash and an aggregate of 38,000,000 ordinary shares of the Company ("**Consideration Shares**") to be allotted and issued by the Company to Softstar at the issue price of HK$1.68 per share (the "**Assignment**"). With effect from the date of the Assignment Agreement, SuperNova shall be entitled to and undertake all the rights and obligations in relation to the grant of authorisation or licence in respect of the Target IP Rights.

On 1 November 2024, Softstar has obtained its shareholders' approval for the Assignment in its general meeting and therefore, the condition precedent for the Assignment was fulfilled. The Consideration Shares were allotted and issued to Softstar on the same date.

As at the date of this report, out of the total cash consideration of RMB18,300,000, SuperNova has paid to Softstar RMB14,640,000 and the remaining amount of RMB3,660,000 has not been paid as the registration of the Assignment in certain relevant regions (except Mainland China) has not been completed and Softstar and/or Softstar Related Corporations have not entered into the assignments with relevant third parties in relation to the assignment of all the rights, economic interests and IP of Softstar and/or Softstar Related Corporations under the relevant authorisation agreements of the Target IP Rights to SuperNova. For further details, please refer to the Company's announcements dated 11 September 2024 and 1 November 2024.

Save as disclosed above, during the year ended 31 December 2024, and up to the date of this report, the Group did not make any significant investment, or perform any material acquisition or disposal of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to focus on its existing business and will apply the net proceeds from the First Subscription and Second Subscription as set out in the relevant announcements dated 29 May 2024, 22 July 2024, 13 October 2024 and 22 October 2024. The Group did not have concrete plans for material investments or capital assets as at 31 December 2024.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as of 31 December 2024.

USE OF PROCEEDS FROM THE FIRST SUBSCRIPTION

The net proceeds from the First Subscription was approximately HK$167.0 million after deducting related fees and expenses in connection with the First Subscription. The Company has applied the net proceeds in the manner as set out in the Company's announcements dated 29 May 2024 and 22 July 2024.

The table below sets forth (i) the amount of net proceeds utilised by the Company from the completion of the First Subscription to 31 December 2024; (ii) the amount of unutilised net proceeds of the Company as at 31 December 2024; and (iii) the expected timeline of the Company for the full utilisation of the remaining unutilised net proceeds:

Purpose	Amount of the net proceeds (HK$ in millions)	Amount of net proceeds utilised between the completion of the First Subscription and 31 December 2024 (HK$ in millions)	Amount of unutilised net proceeds as at 31 December 2024 (HK$ in millions)	Expected timeline for the full utilisation of the remaining net proceeds
Further enhance IP-based game publishing and development business through acquisitions and/or investments	167.0	167.0	—	N/A

As illustrated in the above table, the Company has fully utilised the net proceeds from the First Subscription and there is no unutilised net proceeds from the First Subscription as at 31 December 2024.

USE OF PROCEEDS FROM THE SECOND SUBSCRIPTION

The net proceeds from the Second Subscription was approximately HK$94.2 million after deducting related fees and expenses in connection with the Second Subscription. The Company has applied part of the net proceeds in the manner as set out in the Company's announcements dated 13 October 2024 and 22 October 2024.

The table below sets forth (i) the amount of net proceeds utilised by the Company from the completion of the Second Subscription to 31 December 2024; (ii) the amount of unutilised net proceeds of the Company as at 31 December 2024; and (iii) the expected timeline of the Company for the full utilisation of the remaining unutilised net proceeds:

Purpose	Amount of the net proceeds (HK$ in millions)	Amount of net proceeds utilised between the completion of the Second Subscription and 31 December 2024 (HK$ in millions)	Amount of utilised net proceeds as at 31 December 2024 (HK$ in millions)	Expected timeline for the full utilisation of the remaining net proceeds
Further enhance IP-based game publishing and development business through acquisitions and/or investments	94.2	5.2	89.0	Before 30 June 2026

The Company will continue to evaluate the situation and adopt a prudent and flexible approach when utilising its net proceeds from the Second Subscription for the long-term benefit and development of the Group. The current expected timeline for using the unutilised net proceeds from the Second Subscription is based on the Directors' best estimation barring unforeseeable circumstances, and is subject to change based on the future development of market conditions. Should there be any material change in the intended usage of the net proceeds from the Second Subscription, the Company will publish an announcement as and when appropriate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2024, the Group repurchased an aggregate of 1,036,000 ordinary shares for a total consideration of approximately HK$1.05 million (equivalent to approximately RMB0.97 million) on the Stock Exchange. All repurchased shares were subsequently cancelled on 19 December 2024. Details of the shares repurchased are as follows:

Month of repurchase	Number of ordinary shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate consideration paid HK$ in millions (Approximate)
April 2024	**1,036,000**	**1.03**	**0.99**	**1.05**

On 29 May 2024 (after trading hours), the Company entered into a subscription agreement (the "**First Subscription Agreement**") with Farrich Investments Limited (as subscriber), pursuant to which the subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 100,000,000 ordinary shares (the "**First Subscription Shares**") at the subscription price of HK$1.68 per Share (with the closing price of HK$1.49 per Share as quoted on the Stock Exchange on the date of the First Subscription Agreement).

The First Subscription was completed on 22 July 2024 and the Group received a total net proceeds of approximately HK$167.0 million upon completion (the net price to the Group of each First Subscription Share is approximately HK$1.67). The First Subscription Shares have an aggregate nominal value of US$10,000. The Group has applied part of the net proceeds from the First Subscription to further enhance its IP-based game publishing and development business through acquisitions and/or investments in (i) leading game developers with good research and development capabilities; and (ii) strong IP rights relating to popular and promising animations, literature, game and motion pictures, in Greater China. The Directors consider that the issue of the First Subscription Shares represents an opportunity to raise capital for the Group's general working capital needs. The Directors also believe that the Company, by entering into the First Subscription Agreement, will benefit the Group's long term development and broaden its shareholder and capital base to facilitate the future growth and development of its business. Further details regarding the use of proceeds from the First Subscription are set forth under the section headed "Use of Proceeds from the First Subscription" of this report.

On 10 October 2024 (after trading hours), the Company entered into separate subscription agreements (collectively as the "**Second Subscription Agreements**") with Infini Global Master Fund, Farrich Investments Limited and Actoz Soft Hong Kong Limited (all as subscribers), pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 105,777,777 ordinary shares (the "**Second Subscription Shares**") at the subscription price of HK$0.90 per Share (with the closing price of HK$0.91 per Share as quoted on the Stock Exchange on the date of the Second Subscription Agreements).

The Second Subscription was completed on 22 October 2024 and the Group received a total net proceeds of approximately HK$94.2 million upon completion (the net price to the Group of each Second Subscription Share is approximately HK$0.89). The Second Subscription Shares have an aggregate nominal value of US$10,577.7777. The Group has applied part of the net proceeds from the Second Subscription to further enhance its IP-based game publishing and development business through acquisitions and/or investments in (i) leading game developers with good research and development capabilities; and (ii) strong IP rights relating to popular and promising animations, literature, game and motion pictures, in Greater China. The Directors consider that the issue of the Second Subscription Shares represents an opportunity to raise capital for the Group's general working capital needs. The Directors also believe that the Company, by entering into the Second Subscription Agreements, will benefit the Group's long term development and broaden its shareholder and capital base to facilitate the future growth and development of its business. Further details regarding the use of proceeds from the Second Subscription are set forth under the section headed "Use of Proceeds from the Second Subscription" of this report.

On 11 September 2024 (after trading hours), SuperNova, the Company's wholly-owned subsidiary, entered into the Assignment Agreement with, and conditionally agreed to acquire from, Softstar the Target IP Rights at a total consideration of RMB18,300,000 in cash and an aggregate of 38,000,000 Consideration Shares to be allotted and issued by the Company to Softstar at the issue price of HK$1.68 per Share.

The condition precedent for the Assignment has been fulfilled on 1 November 2024, and the Company has allotted and issued the Consideration Shares to Softstar on the same day. The Consideration Shares have an aggregate nominal value of US$3,800. Upon completion of the acquisition of the Target IP Rights, the Group will own all IP rights of *Legend of Sword and Fairy* (仙劍奇俠傳) worldwide. The full acquisition of the global IP rights and interests of *Legend of Sword and Fairy* (仙劍奇俠傳) will strengthen the ecological competitiveness of the Group's IP games and ensure the long-term and stable implementation of the IP game strategy of the Group.

Save as disclosed above, the Group did not purchase, sell or redeeme any of the Company's listed securities during the year ended 31 December 2024.

CHARGE ON GROUP ASSETS

As at 31 December 2024, the Group had pledged bills receivables with carrying amount of approximately RMB28.8 million to secure the Group's bank loans of RMB28.8 million (2023: nil).

Save as disclosed above, the Group did not have any charges on its assets as at 31 December 2024.

FOREIGN EXCHANGE EXPOSURE

The operations of the Group are mainly located in the PRC and its functional currency is RMB. For the year ended 31 December 2024, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign exchange risk.

The Board is pleased to present this Directors' report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND SUBSIDIARIES

The Group is a leading IP-based game publisher and developer, focusing primarily on IPs relating to well-known cultural products and art works such as icons or characters from popular animations, novels and motion pictures which have a significant fan base, market acceptance and commercial value.

A description of the Company's principal activities is set out in note 1 to the consolidated financial statements in this annual report.

A list of the Company's principal subsidiaries as at 31 December 2024, together with, among others, their dates and places of incorporation and particulars of their issued share capital, are set out in note 1 to the consolidated financial statements in this annual report.

BUSINESS REVIEW

The section headed "Management Discussion and Analysis" in this annual report forms part of this business review.

Principal Risks and Uncertainties

As an IP-based game publisher and developer in the PRC, the Group faces various risks involved in its daily business operations as well as the industry and regulatory landscape in the PRC. These risks include (i) the Group may not be successful in licensing games and IPs from game developers and IP owners; (ii) the Group may not be successful in developing games in-house; (iii) the Group's new games may not be commercially successful and the Group may not be able to attract new players; (iv) the Group may fail to maintain and grow its player base or keep its players engaged through popular games; and (v) the laws and regulations regulating mobile games in the PRC continue to evolve and change, and the Group may be unable to obtain or maintain all applicable permits and approvals. For details, please refer to the section headed "Risk Factors" in the Prospectus.

The Group also operates its business under the Contractual Arrangements, and is therefore subject to the related risks which are summarised in the section headed "Directors' Report — Contractual Arrangements — Risks relating to the Contractual Arrangements" in this annual report.

Major Customers and Major Suppliers

For the year ended 31 December 2024, the Group's five largest customers accounted for 38.2% (2023: 43.1%) of the Group's total revenue, and the Group's single largest customer accounted for 12.7% (2023: 14.9%) of the Group's total revenue.

For the year ended 31 December 2024, the Group's five largest suppliers accounted for 69.5% (2023: 47.9%) of the Group's total cost of sales, and the Group's single largest supplier accounted for 30.3% (2023: 12.1%) of the Group's total cost of sales.

During the year ended 31 December 2024, none of the Directors, their close associates or any Shareholders (who or which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) had any interest in any of the Group's top five customers and suppliers.

Environmental Protection

Due to the Group's business nature as a game publisher and developer, the Group is not subject to significant environmental risks. During the year ended 31 December 2024 and up to the date of this directors' report, the Group was not subject to any fines or other penalties due to non-compliance with environmental regulations.

The Group is committed to minimising the impact on the environment from its business activities. For details of the Group's environmental protection measures, please refer to the section headed "Environmental, Social and Governance Report - Environment" in this annual report.

FINANCIAL RESULTS

The financial results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss in this annual report.

RESERVES

Details of the movements in the reserves of the Company and reserves available for distribution to Shareholders as at 31 December 2024 are set out in note 39 to the consolidated financial statements in this annual report. The distributable reserves of the Company as at 31 December 2024 were RMB2,383.1 million (2023: RMB2,113.6 million).

FINAL DIVIDEND

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

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

The Board appointed Ms. NG Yi Kum as a new member of the Nomination Committee with effect from 27 March 2025.

Save as disclosed above and in the section headed "Biographies of Directors and Senior Management", there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the year ended 31 December 2024 and up to the date of this directors' report.

DONATIONS

During the year ended 31 December 2024, the Group made a total of approximately RMB125,000 (2023: RMB123,000) of charitable and other donations.

TAX RELIEF AND EXEMPTION

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

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 December 2024 are set out in note 26 to the consolidated financial statements in this annual report.

PROPERTY AND EQUIPMENT

Details of the movements in the property and equipment of the Group for the year ended 31 December 2024 are set out in note 14 to the consolidated financial statements in this annual report.

DIRECTORS

Directors during the year ended 31 December 2024 and up to the date of this directors' report

Executive Directors

Mr. XIAO Jian
(Chairman and Chief Executive Officer)
Mr. SIN Hendrick *M.H.*
(Vice Chairman)
Mr. FAN Yingjie

Non-executive Directors

Mr. ZHANG Shengyan
Mr. JIANG Yukai (appointed with effect from 22 April 2024)

Independent Non-executive Directors

Ms. NG Yi Kum
Mr. TANG Liang
Mr. HO Orlando Yaukai

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

Resignation of Directors

During the year ended 31 December 2024, no Directors resigned from office or refused to stand for re-election to office.

Independence of Independent Non-executive Directors

As there was no change of circumstances affecting the independence of the independent non-executive Directors during the year ended 31 December 2024, the Company considers that each of them continues to be independent.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save for the Contractual Arrangements as disclosed in the section headed "Connected Transaction" in this annual report, to the best knowledge of the Directors, no Director, or any entity connected with a Director, is or was materially interested, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Company to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2024.

Rights and Interests of Directors on Competing Business

To the best knowledge of the Directors, during the year ended 31 December 2024, none of the Directors, or their respective close associates, had any interest in a business, apart from the business of the Group, which competed or is likely to compete, directly or indirectly, with the Group's business, and which would require disclosure under Rule 8.10 of the Listing Rules.

Positions of Directors in Substantial Shareholders of the Company

During the year ended 31 December 2024, to the best knowledge of the Directors, the positions (as director or employee) of the Directors in a company which had an interest in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Director	Entity which had an interest in the Shares and underlying Shares which would fall to be disclosed under the SFO	Position
Mr. Xiao	Fairview Ridge	Director
	Motion Game	Director
	Profound Power	Director
	Ambitious Profit	Director
	Zhongshouyou Brothers BVI	Director
Mr. Sin	Fairview Ridge	Director
	Motion Game	Director
	Profound Power	Director
	Ambitious Profit	Director
	Silver Joyce	Director

Save as disclosed above, to the best knowledge of the Directors, none of the Directors is a director or employee of a company which has an interest in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or existed for the year ended 31 December 2024.

EMPLOYEES REMUNERATION AND RELATIONS

As at 31 December 2024, the Group had approximately 710 full-time employees (2023: 832). The success of the Group depends on its ability to attract, retain and motivate qualified personnel. As part of the Group's human resources strategy, the Group offers employees competitive salaries, performance based promotion systems and other incentives. Some of the Group's employees have also been granted share options under the Post-IPO Share Option Scheme. The Group provides training programmes to employees, including new hire training for new employees and continuing technical training for the Group's research and development team and game operation team to enhance their skill and knowledge.

REMUNERATION POLICY

A remuneration committee has been set up to assist the Board to develop and administer a formal and transparent procedure for setting policy on the remuneration of Directors and senior management, evaluating the performance of Directors and senior management, reviewing and approving the terms of incentive schemes (including the Post-IPO Share Option Scheme) and Directors' service contracts, and recommending to the Board the remuneration packages for all Directors and senior management. Emoluments of Directors shall be determined by the Board in accordance with the Company's remuneration policy, and with reference to Directors' experience, working performance and position as well as the market conditions.

Details of the emoluments of the Directors and five highest paid individuals for the year ended 31 December 2024 are set out in notes 9 and 10 to the consolidated financial statements in this annual report.

Mr. TANG Liang waived his own emolument of HK$180,000 for the year ended 31 December 2024.

POST-IPO SHARE OPTION SCHEME

On 20 September 2019, the Post-IPO Share Option Scheme of the Company was approved and adopted by the Shareholders. The Post-IPO Share Option Scheme is subject to Chapter 17 of the Listing Rules.

Purpose

The purpose of the Post-IPO Share Option Scheme is to incentivise and reward the eligible persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

Participants

The Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Post-IPO Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to an employee (whether full time or part-time) or a director of a member of the Group or associated companies of the Company ("**Eligible Persons**").

Maximum Number of Shares in respect of which options may be granted

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme of the Company must not in aggregate exceed 10% of the total number of Shares issued as at the Listing Date, i.e. 226,100,000 (the "**Scheme Mandate Limit**"). The Scheme Mandate Limit represented approximately 7.5% of the Company's issued shares as at the date of this directors' report. Options lapse in accordance with the terms of the Post-IPO Share Option Scheme and any other schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit. The number of options that may be granted under the Post-IPO Share Option Scheme was 139,023,000 as at 1 January 2024 and 98,285,000 as at 31 December 2024.

The Board may, with the approval of the Shareholders in a general meeting, refresh the Scheme Mandate Limit provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Post-IPO Share Option Scheme and any other schemes of the Company under the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares issued as at the date on which the Shareholders approve the refreshment of the Scheme Mandate Limit. Options previously granted under the Post-IPO Share Option Scheme and any other schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as "refreshed". The Board may, with the approval of the Shareholders in a general meeting, grant options to any Eligible Person specifically identified by them which would cause the Scheme Mandate Limit to be exceeded. The Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval of the Shareholders.

At any time, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Post-IPO Share Option Scheme and any other schemes of the Company to Eligible Persons must not exceed 30% of the total number of Shares issued from time to time.

The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditor of the Company or an independent financial adviser appointed by the Board shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of the Company whether by way of capitalisation of profits or reserves, rights issue, consolidation or subdivision of shares, or reduction of the share capital of the Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction.

Maximum Entitlement of Each Individual

No options shall be granted to any Eligible Person under the Post-IPO Share Option Scheme and any other schemes of the Company which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all options granted to him (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of offer of such options, would exceed 1% of the Shares in issue at such date.

Any further grant of options to an Eligible Person in excess of this 1% limit shall be subject to the approval of the Shareholders in a general meeting with such Eligible Person and his or her associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Person in question, the number and terms of the options to be granted (and options previously granted to such Eligible Person) and such other information required under the Listing Rules.

The number and terms (including the exercise price) of the options to be granted to such Eligible Person must be fixed before the Shareholders' approval and the date of the Board meeting approving such further grant shall be taken as the date of grant for the purpose of determining the exercise price of the options.

Period within which an Offer of Options must be accepted

An offer of options shall be open for acceptance for such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify to the Eligible Person concerned provided that no such offer shall be open for acceptance after the expiry of the duration of the Post-IPO Share Option Scheme. An offer of options not accepted within this period shall lapse. An amount of RMB1.00 is payable upon acceptance of the grant of an option and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

Exercise Price

Subject to any adjustment made pursuant to the Post-IPO Share Option Scheme, the exercise price shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of offer of the option;

(ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and

(iii) the nominal value of the Shares.

Duration of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date (i.e. expiring on 31 October 2029), after which period no further options will be granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any option granted prior thereto which are at that time or become thereafter capable of exercise under the Post-IPO Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Accordingly, as at 31 December 2024, the remaining life of the Post-IPO Share Option Scheme is approximately four years and ten months.

Time of vesting and exercise of options

Any option shall be vested on an option-holder immediately upon his or her acceptance of the offer of options provided that if any vesting schedule and/or conditions are specified in the offer of the option, such option shall only be vested on an option-holder according to such vesting schedule and/or upon the fulfilment of the vesting conditions (as the case may be). Such offer of options may also include any minimum period for which any option must be held before it can be exercised. Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board at its sole discretion may, unless the Board determines otherwise at its absolute discretion, be exercised at any time from the next business day after the offer of options has been accepted. Any option which remains unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option.

No option may be exercised in circumstances where such exercise would, in the opinion of the Board, be in breach of a statutory or regulatory requirement.

Restriction on the Time of Grant of Options

A grant of options may not be made after inside information has come to the Company's knowledge until such inside information has been announced as required under the Listing Rules. In particular, no option may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for the Company to publish an announcement of the results for any year, or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

Options granted under the Post-IPO Share Option Scheme

On 20 September 2019, the Post-IPO Share Option Scheme of the Company was approved and adopted by the Shareholders. The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date. The terms of the Post-IPO Share Option Scheme are governed by Chapter 17 of the Listing Rules. The purpose of the Post-IPO Share Option Scheme is to incentivise and reward the Eligible Persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

The following table discloses movements in the Company's share options outstanding during the year ended 31 December 2024:

Name of Grantees	Date of grant of share options	Closing price of the Shares on the date the share options were granted (HK$)	Number of Shares underlying options outstanding as at 1 January 2024	Number of share options granted during the year	Number of share options exercised during the year	Weighted average price of Shares immediately before the date of exercise (HK$)	Number of share options expired/ lapsed during the year	Number of share options canceled during the year	Number of Shares underlying options outstanding as at 31 December 2024	Exercise period of share options[1]	Exercise price of share option per Share (HK$)	Fair value of options at the date of grant[8] (HK$)
Mr. Xiao	20 January 2023[4]	1.96	2,750,000	–	–	–	–	–	2,750,000	20 January 2023 to 19 January 2026	2.50	0.62
	24 April 2024[5]	1.22	–	2,750,000	–	–	–	–	2,750,000	24 April 2024 to 24 April 2027	1.50	0.38
Mr. Sin	20 January 2023[4]	1.96	2,750,000	–	–	–	–	–	2,750,000	20 January 2023 to 19 January 2026	2.50	0.62
	24 April 2024[5]	1.22	–	2,750,000	–	–	–	–	2,750,000	24 April 2024 to 24 April 2027	1.50	0.38
Mr. FAN Yingjie	29 March 2021[2]	2.83	2,000,000	–	–	–	(2,000,000)	–	–	29 March 2021 to 28 March 2024	2.90	0.95 - 0.96
	20 January 2023[4]	1.96	800,000	–	–	–	–	–	800,000	20 January 2023 to 19 January 2026	2.50	0.62
	24 April 2024[5]	1.22	–	800,000	–	–	–	–	800,000	24 April 2024 to 24 April 2027	1.50	0.38
Mr. ZHANG Shengyan	20 January 2023[4]	1.96	200,000	–	–	–	–	–	200,000	20 January 2023 to 19 January 2026	2.50	0.62
	24 April 2024[5]	1.22	–	200,000	–	–	–	–	200,000	24 April 2024 to 24 April 2027	1.50	0.38
Mr. JIANG Yukai	24 April 2024[5]	1.22	–	200,000	–	–	–	–	200,000	24 April 2024 to 24 April 2027	1.50	0.38
Ms. NG Yi Kum	29 March 2021[2]	2.83	150,000	–	–	–	(150,000)	–	–	29 March 2021 to 28 March 2024	2.90	0.95 - 0.96
	20 January 2023[4]	1.96	200,000	–	–	–	–	–	200,000	20 January 2023 to 19 January 2026	2.50	0.62
	24 April 2024[5]	1.22	–	200,000	–	–	–	–	200,000	24 April 2024 to 24 April 2027	1.50	0.38
Mr. TANG Liang	29 March 2021[2]	2.83	125,000	–	–	–	(125,000)	–	–	29 March 2021 to 28 March 2024	2.90	0.95 - 0.96
	20 January 2023[4]	1.96	200,000	–	–	–	–	–	200,000	20 January 2023 to 19 January 2026	2.50	0.62
	24 April 2024[5]	1.22	–	200,000	–	–	–	–	200,000	24 April 2024 to 24 April 2027	1.50	0.38
Mr. HO Orlando Yaukai	29 March 2021[2]	2.83	125,000	–	–	–	(125,000)	–	–	29 March 2021 to 28 March 2024	2.90	0.95 - 0.96
	20 January 2023[4]	1.96	200,000	–	–	–	–	–	200,000	20 January 2023 to 19 January 2026	2.50	0.62
	24 April 2024[5]	1.22	–	200,000	–	–	–	–	200,000	24 April 2024 to 24 April 2027	1.50	0.38
Other Employees	29 March 2021[2]	2.83	32,747,000	–	–	–	(32,747,000)	–	–	29 March 2021 to 28 March 2024	2.90	0.94 - 0.96
Other Employees	27 May 2022[3]	2.01	1,930,000	–	–	–	(1,930,000)	–	–	27 May 2022 to 28 March 2024	2.90	0.32 - 0.33
Other Employees	20 January 2023[4]	1.96	42,900,000	–	–	–	–	(2,185,000)	40,715,000	20 January 2023 to 19 January 2026	2.50	0.56 - 0.62
Other Employees	24 April 2024[5]	1.22	–	72,700,000	–	–	–	–	72,700,000	24 April 2024 to 24 April 2027	1.50	0.35
Total			**87,077,000**	**80,000,000**	**–**	**–**	**(37,077,000)**	**(2,185,000)**	**127,815,000**			

Notes:

(1) There is no minimum vesting period or any performance target attached to the share options granted on 20 January 2023 and 24 April 2024.

(2) The share options are exercisable in installments from the commencement of the relevant vesting period until 28 March 2024: (a) one third of the options can be exercised from 29 March 2021 to 28 March 2024; (b) one third of the options can be exercised from 29 March 2022 to 28 March 2024; and (c) the remaining one third of the options can be exercised from 29 March 2023 to 28 March 2024.

(3) The share options are exercisable in installments from the commencement of the relevant vesting period until 28 March 2024: (a) two thirds of the options can be exercised from 27 May 2022 to 28 March 2024; and (b) the remaining one third of the options can be exercised from 29 March 2023 to 28 March 2024.

(4) The share options are exercisable in installments from the date of grant (i.e. 20 January 2023) until 19 January 2026 (both days inclusive): (a) half of the options can be exercised from 20 January 2023 to 19 January 2026; and (b) the remaining half of the options can be exercised from 20 January 2024 to 19 January 2026.

(5) The share options are exercisable from the date of grant (i.e. 24 April 2024) until 24 April 2027 (both days inclusive).

(6) None of the grants of share options to any Eligible Persons is in excess of the 1% individual limit (as defined under Chapter 17 of the Listing Rules).

(7) There was no related entity participant or service provider (as defined under Chapter 17 of the Listing Rules) with share options granted or to be granted by the Company exceeding 0.1% of the total issued Shares of the Company in any 12-month period; and the Company has not granted any share options to any related entity participants or service providers during the year ended 31 December 2024.

(8) Details of the valuation of share options during the year ended 31 December 2024, including the accounting standard and policy adopted for the Post-IPO Share Option Scheme, are set out in notes 2.4 and 29 to the consolidated financial statements in this annual report.

Please refer to the Prospectus for full details of the terms and conditions of the Post-IPO Share Option Scheme.

The number of share options available for grant under the Post-IPO Share Option Scheme at the beginning and the end of the year ended 31 December 2024 were approximately 139,023,000 and 98,285,000 respectively.

During the year ended 31 December 2024, the ratio of the number of Shares that may be issued in respect of options granted under all share option schemes adopted by the Company (i.e. 127,815,000 share options) to the weighted average number of Shares in issue for the year (i.e. 2,824,023,787 Shares) was approximately 4.52%.

SHARE CAPITAL

Details of the movements in the share capital of the Company for the year ended 31 December 2024 are set out in note 28 to the consolidated financial statements in this annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interest in the Shares

Name of Directors/ Chief Executive	Nature of Interest	Number of Shares held/ interested[(1)]	Approximate percentage of interest in the Company[(2)]
Mr. Xiao	Founder of a discretionary trust, interest in a controlled corporation, beneficial interests and other[(3)]	785,358,067(L)	26.21%
Mr. Sin	Interest in a controlled corporation, beneficial interests and other[(4)]	824,887,663(L)	27.53%
Mr. FAN Yingjie	Beneficial Interests[(5)]	2,518,000(L)	0.08%
Mr. ZHANG Shengyan	Beneficial Interests[(6)]	400,000(L)	0.01%
Mr. JIANG Yukai	Beneficial Interests[(7)]	200,000(L)	0.00%
Ms. NG Yi Kum	Beneficial Interests[(8)]	400,000(L)	0.01%
Mr. TANG Liang	Beneficial Interests[(9)]	400,000(L)	0.01%
Mr. HO Orlando Yaukai	Beneficial Interests[(10)]	400,000(L)	0.01%

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) The percentages are calculated on the basis of 2,995,413,777 Shares in issue as at 31 December 2024.

(3) As at 31 December 2024, Mr. Xiao was interested in 785,358,067 Shares, among which, Mr. Xiao:

(i) was the beneficial owner of 15,950,000 Shares;

(ii) through ZSY Holding, a company which is nominated by Trident Trust Company (B.V.I.) Limited, the trustee of the Xiao Family Trust, (a) was deemed to be interested in 70,598,642 Shares held by his wholly-owned company, Zhongshouyou Brothers BVI; (b) was deemed to be interested in 693,309,425 Shares held by Fairview Ridge through Motion Game, Profound Power, Changpei Cayman and Ambitious Profit (the general partner of Changpei Cayman owned as to 64% by Zhongshouyou Brothers BVI); and

(iii) Mr. Xiao was also interested in share options for 5,500,000 Shares pursuant to the Post-IPO Share Option Scheme.

(4) As at 31 December 2024, Mr. Sin was interested in 824,887,663 Shares, among which, Mr. Sin (i) was the beneficial owner of 2,328,000 Shares; (ii) was deemed to be interested in 123,750,238 Shares held by his wholly-owned company, Silver Joyce; (iii) was deemed to be interested in 693,309,425 Shares held by Fairview Ridge through Motion Game, Profound Power, Changpei Cayman and Ambitious Profit (the general partner of Changpei Cayman owned as to 36% by Silver Joyce); and (iv) Mr. Sin was also interested in share options for 5,500,000 Shares pursuant to the Post-IPO Share Option Scheme.

(5) As at 31 December 2024, Mr. FAN Yingjie was interested in 2,518,000 Shares, among which, Mr. FAN Yingjie (i) was the beneficial owner of 918,000 Shares; and (ii) was interested in share options for 1,600,000 Shares pursuant to the Post-IPO Share Option Scheme.

(6) As at 31 December 2024, Mr. ZHANG Shengyan was interested in share options for 400,000 Shares pursuant to the Post-IPO Share Option Scheme.

(7) As at 31 December 2024, Mr. JIANG Yukai was interested in share options for 200,000 shares pursuant to the Post-IPO Share Option Scheme.

(8) As at 31 December 2024, Ms. NG Yi Kum was interested in share options for 400,000 Shares pursuant to the Post-IPO Share Option Scheme.

(9) As at 31 December 2024, Mr. TANG Liang was interested in share options for 400,000 Shares pursuant to the Post-IPO Share Option Scheme.

(10) As at 31 December 2024, Mr. HO Orlando Yaukai was interested in share options for 400,000 Shares pursuant to the Post-IPO Share Option Scheme.

(ii) Interest in associated corporations

Name of Director	Name of associated corporation	Approximate percentage of shareholding
Mr. Xiao	Chengdu Zhuoxing [(1)]	31.53%
Mr. Xiao	Shenzhen Zhongshouyou [(1)]	31.53%
Mr. Xiao	Shenzhen Douyue [(1)]	31.53%

Note:

(1) Mr. Xiao, through Zhongshouyou Brothers PRC, indirectly held 31.53% equity interests of the PRC Operating Entities.

Save as disclosed above, as at 31 December 2024, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, 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 to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the Post-IPO Share Option Scheme, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

As at 31 December 2024, to the best knowledge of the Directors, the following persons had interests or short positions in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares held[1]	Approximate percentage of interest in the Company[2]
Mr. Xiao	Founder of a discretionary trust, interest in a controlled corporation, beneficial owners and other [3]	785,358,067(L)	26.21%
Trident Trust Company (B.V.I.) Limited	Trustee of a trust [3]	763,908,067(L)	25.50%
ZSY Holding	Interest in a controlled corporation [3]	763,908,067(L)	25.50%
Zhongshouyou Brothers BVI	Beneficial owner [3]	70,598,642(L)	2.36%
	Interest in a controlled corporation [3]	693,309,425(L)	23.14%
Mr. Sin	Interest in a controlled corporation, beneficial owners and other [4]	824,887,663(L)	27.53%
Silver Joyce	Beneficial owner [4]	123,750,238(L)	4.13%
	Interest in a controlled corporation [4]	693,309,425(L)	23.14%
Fairview Ridge	Beneficial owner [3][4]	693,309,425(L)	23.14%
Motion Game	Interest in a controlled corporation [3][4]	693,309,425(L)	23.14%
Profound Power	Interest in a controlled corporation [3][4]	693,309,425(L)	23.14%
Changpei Cayman	Interest in a controlled corporation [3][4]	693,309,425(L)	23.14%
Ambitious Profit	Interest in a controlled corporation [3][4]	693,309,425(L)	23.14%
Zhongrong Trust	Interest in a controlled corporation [5][6]	369,461,107(L)	12.33%
Beijing Zhongrong Dingxin	Interest in a controlled corporation [5][6]	369,461,107(L)	12.33%
Dazi Dingcheng	Interest in a controlled corporation [5][6]	369,461,107(L)	12.33%
Shanghai Pegasus	Interest in a controlled corporation [5]	293,327,517(L)	9.79%
Pegasus Technology	Interest in a controlled corporation [5]	293,327,517(L)	9.79%
Pegasus BVI	Interest in a controlled corporation [5]	293,327,517(L)	9.79%
Pegasus HK	Beneficial owner [5]	293,327,517(L)	9.79%
Farrich Investments Limited	Beneficial owner [7]	295,032,214(L)	9.84%
Mr. CHU Yat Hong	Interest in a controlled corporation [7]	295,032,214(L)	9.84%
Clear Build Investments Limited	Interest in a controlled corporation [7]	295,032,214(L)	9.84%
Thebest Investments Limited	Interest in a controlled corporation [7]	295,032,214(L)	9.84%

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) The percentages are calculated on the basis of 2,995,413,777 Shares in issue as at 31 December 2024.

(3) Mr. Xiao, (i) was the beneficial owner of 15,950,000 Shares; (ii) through ZSY Holding, a company which is nominated by Trident Trust Company (B.V.I.) Limited, the trustee of the Xiao Family Trust, (a) was deemed to be interested in 70,598,642 Shares held by his wholly-owned company, Zhongshouyou Brothers BVI; (b) was deemed to be interested in 693,309,425 Shares held by Fairview Ridge through Motion Game, Profound Power, Changpei Cayman and Ambitious Profit (the general partner of Changpei Cayman owned as to 64% by Zhongshouyou Brothers BVI); and (iii) Mr. Xiao was also interested in share options for 5,500,000 Shares pursuant to the Post-IPO Share Option Scheme. Ms. HUO Dongyan is the spouse of Mr. Xiao and was deemed to be interested in the 785,358,067 Shares Mr. Xiao is interested in.

(4) Mr. Sin (i) was the beneficial owner of 2,328,000 Shares; (ii) was deemed to be interested in 123,750,238 Shares held by his wholly-owned company, Silver Joyce; (iii) was deemed to be interested in 693,309,425 Shares held by Fairview Ridge through Motion Game, Profound Power, Changpei Cayman and Ambitious Profit (the general partner of Changpei Cayman owned as to 36% by Silver Joyce); and (iv) Mr. Sin was also interested in share options for 5,500,000 Shares pursuant to the Post-IPO Share Option Scheme. Ms. SIN LO Siu Wai Sylvia is the spouse of Mr. Sin and was deemed to be interested in the 824,887,663 Shares Mr. Sin is interested in.

(5) Pegasus Network HK Limited (轡格瑟斯網絡香港有限公司) ("**Pegasus HK**"), a Hong Kong company, is wholly-owned by Pegasus Technology Limited ("**Pegasus BVI**"), a BVI company, which is in turn wholly-owned by Shanghai Pegasus Technology Development Limited (上海轡歌科技發展有限公司) ("**Pegasus Technology**"), a PRC limited liability company. Pegasus Technology is owned as to 0.4% by an independent third party and 99.6% by Shanghai Pegasus Investment Centre (Limited Partnership) (上海轡格瑟斯投資中心(有限合夥)) ("**Shanghai Pegasus**"), a PRC limited partnership, the general partner of which is Dazi Dingcheng Capital Investment Co., Ltd. (達孜縣鼎誠資本投資有限公司) ("**Dazi Dingcheng**"), a limited liability company established in the PRC, which is wholly-owned by Beijing Zhongrong Dingxin Investment Management Co., Ltd. (北京中融鼎新投資管理有限公司) ("**Beijing Zhongrong Dingxin**") and in turn wholly-owned by Zhongrong International Trust Co., Ltd. (中融國際信託有限公司) ("**Zhongrong Trust**").

(6) Yichong Technology HK Limited (一翀科技香港有限公司) ("**Yichong HK**"), a Hong Kong company, held 76,133,590 Shares, representing approximately 2.54% of the total issued Shares, as at 31 December 2024. Yichong HK is wholly-owned by Yichong Technology Limited, a BVI company, which is in turn wholly-owned by Shanghai Jichong Technology Development Limited (上海紀翀科技發展有限公司) ("**Jichong Shanghai**"), a PRC limited liability company. Jichong Shanghai is owned as to 0.4% by an independent third party and 99.6% by Yichong Investment, a PRC limited partnership, the general partner of which is Dazi Dingcheng, a limited liability company established in the PRC, which is wholly-owned by Beijing Zhongrong Dingxin and in turn wholly-owned by Zhongrong Trust.

(7) Farrich Investments Limited, a BVI company, is wholly-owned by Thebest Investments Limited, which is also a BVI company. Thebest Investments Limited is a wholly-owned subsidiary of Clear Build Investments Limited, a BVI company, which is in turn wholly-owned by Mr. CHU Yat Hong.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any person (who were not directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

PARTNERSHIP STRUCTURE OF CHANGPEI CAYMAN

Changpei Cayman is an exempted limited partnership registered in the Cayman Islands holding 23.14% of the total issued Shares as at 31 December 2024. The general partner of Changpei Cayman is Ambitious Profit, a company incorporated in the Cayman Islands and indirectly owned as to 64% by Mr. Xiao through Zhongshouyou Brothers BVI, and 36% by Mr. Sin through Silver Joyce.

As at 31 December 2024, Changpei Cayman was held by Ambitious Profit, the general partner, as to 0.004%, and Zhejiang Century Huatong Group Limited (a listed company on the Shenzhen Stock Exchange (SZSE: 002602)), the limited partner, as to 99.996%.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2024, the Group exercised the power under the general mandate granted by the Shareholders to the Board at the annual general meeting of the Company held on 2 June 2023 to repurchase Shares not exceeding 10% of the total number of Shares in issue as at the date of the meeting, and repurchased an aggregate of 1,036,000 Shares for a total consideration of approximately RMB0.97 million (HK$1.05 million) on the Stock Exchange. The repurchased Shares were subsequently cancelled on 19 December 2024. As at the date of this directors' report, the total Shares in issue was 2,995,413,777. Details of the Shares repurchased are as follows:

Month of repurchase	Number of Shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate consideration paid HK$ in millions (Approximate)
April 2024	1,036,000	1.03	0.99	1.05

Save as disclosed above, the Group did not purchase, sell or redeem any of the Company's listed securities during the year ended 31 December 2024.

EQUITY-LINKED AGREEMENTS

Other than the Post-IPO Share Option Scheme, during the year ended 31 December 2024, no equity-linked agreement was entered into by or subsisted in the Company, and there was no provision to enter into any agreement which will or may result in the Company issuing Shares.

CONNECTED TRANSACTIONS

Apart from the Contractual Arrangements as disclosed in the section headed "Directors' Report – Contractual Arrangements" in this annual report, the Company had no connected transactions during the year ended 31 December 2024 which are required to be disclosed in accordance with Chapter 14A of the Listing Rules.

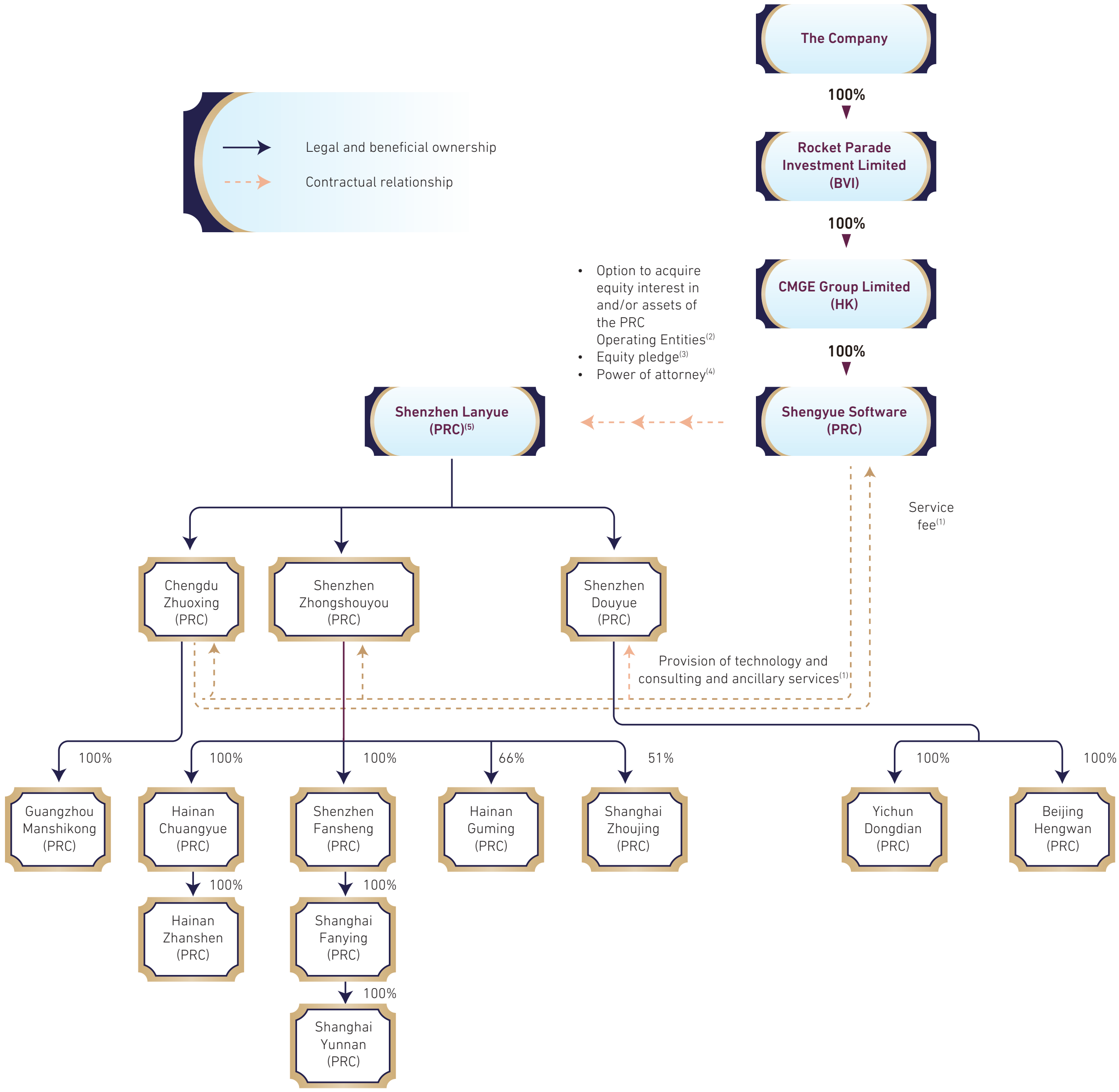
CONTRACTUAL ARRANGEMENTS

Shengyue Software, a wholly-owned subsidiary of the Company, has entered into a series of Contractual Arrangements with Shenzhen Lanyue and the PRC Operating Entities pursuant to which the Company would gain effective control over, and receive all the economic benefits generated by, the businesses operated by the PRC Operating Entities. Through the Contractual Arrangements, the results of operations and assets and liabilities of the PRC Operating Entities are consolidated into the results of operations and assets and liabilities of the Company under HKFRS as if they were subsidiaries of the Group.

The principal businesses of the PRC Operating Entities involve online publication and operation of online games on the mobile telecommunications network, which businesses are either restricted or prohibited for foreign investment in accordance with the Special Administrative Measures (Negative List) for Foreign Investment Access. The PRC Operating Entities are significant to the Group as they hold the requisite licenses, approvals and permits that are material for the Group's business in the PRC, including the value-added telecommunications service operating permit for internet information services, the online culture operation license and the online publication license. Most of the intellectual property rights of the Group, including trademarks, copyrights and domain names, are also held by the PRC Operating Entities.

The PRC Operating Entities contributed a significant portion of the Group's financial positions and results of operations. The total revenue generated by the PRC Operating Entities for the year ended 31 December 2024 amounted to RMB1,554.0 million (2023: RMB2,135.6 million), representing approximately 80.5% (2023: 82.0%) of the Group's total revenue. The total assets of the PRC Operating Entities as at 31 December 2024 amounted to RMB2,644.5 million (2023: RMB4,416.9 million), representing approximately 52.0% (2023: 62.3%) of the Group's total assets.

The following simplified diagram sets forth the structure of the Contractual Arrangements:



Notes:

(1) Please refer to the section headed "Exclusive Business Cooperation Agreements" below for further details.

(2) Please refer to the section headed "Exclusive Option Agreements" below for further details.

(3) Please refer to the section headed "Equity Pledge Agreements" below for further details.

(4) Please refer to the section headed "Power of Attorney" below for further details.

(5) As at the date of this directors' report, Shenzhen Lanyue is wholly-owned by CMGE Mobile Tech, which in turn is held as to 44.67% by Changpei Shanghai, 18.90% by Shanghai Pegasus, 31.53% by Zhongshouyou Brothers PRC and 4.90% by Yichong Investment.

Summary of the Contractual Arrangements

A brief description of each of the specific agreements that comprise the Contractual Arrangements is set out as follows:

(i) *Exclusive Business Cooperation Agreements*

On 30 May 2018, each of the PRC Operating Entities and Shengyue Software entered into the exclusive business cooperation agreements (the "**Exclusive Business Cooperation Agreements**") pursuant to which the PRC Operating Entities agreed to engage Shengyue Software as its exclusive consultant and service provider. Shengyue Software shall provide advice and recommendations to the PRC Operating Entities in respect of, among others, technology support, development, maintenance and upgrading of software, the use of software and intellectual property, web design, consulting services, and other business support and services that are necessary for the operations of the PRC Operating Entities. Without the prior written consent of Shengyue Software, during the term of the Exclusive Business Cooperation Agreements, the PRC Operating Entities shall not directly or indirectly accept from any third party services which are the same or similar to the services under the Exclusive Business Cooperation Agreements. The Exclusive Business Cooperation Agreements also provide that Shengyue Software has the exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by the PRC Operating Entities during the performance of the Exclusive Business Cooperation Agreements.

The PRC Operating Entities shall pay to Shengyue Software a service fee that equals the profit of the PRC Operating Entities, after off-setting the prior-year loss (if any), actual operating cost, working capital requirements confirmed by Shengyue Software, and tax of the PRC Operating Entities in any given year, and Shengyue Software shall have the right to adjust the level of the service fee based on the actual service scope and with reference to the operating conditions and expansion needs of the PRC Operating Entities. Each of the PRC Operating Entities has agreed to pay the service fee within ten (10) days after each quarter end for the services provided in the preceding quarter.

The Exclusive Business Cooperation Agreements may be terminated by Shengyue Software by giving the PRC Operating Entities 30 days prior written notice of termination and shall be terminated upon the transfer of the entire equity interests in the PRC Operating Entities to Shengyue Software or its designated person pursuant to the Exclusive Option Agreements.

(ii) *Exclusive Option Agreements*

On 30 May 2018, each of the PRC Operating Entities, Shengyue Software and Shenzhen Lanyue entered into the exclusive option agreements (the "**Exclusive Option Agreements**") pursuant to which Shenzhen Lanyue jointly and severally granted to Shengyue Software or a third party designated by Shengyue Software irrevocable options to purchase, to the extent permitted by PRC laws and regulations, its equity interests in the PRC Operating Entities, entirely or partially, at RMB1 or a minimum purchase price permitted under PRC laws and regulations. Shengyue Software or the designated party may exercise such options at any time until it has acquired all equity interests of the PRC Operating Entities, subject to applicable PRC laws and regulations. It is also agreed that when the relevant PRC law permits the equity interests of the PRC Operating Entities to be directly held by Shengyue Software while it continues to operate its mobile game publishing and operation businesses, the parties will carry out all necessary actions to implement the transfer of all the shares of the PRC Operating Entities to Shengyue Software upon the exercise of the option granted under the Exclusive Option Agreements.

The Exclusive Option Agreements shall remain effective until they are terminated (i) by Shengyue Software by giving the PRC Operating Entities 30 days prior written notice of termination, or (ii) upon the transfer of the entire equity interests held by Shenzhen Lanyue in the PRC Operating Entities to Shengyue Software or its designee.

(iii) Equity Pledge Agreements

On 30 May 2018, each of the PRC Operating Entities, Shengyue Software and Shenzhen Lanyue entered into the equity pledge agreements (the "**Equity Pledge Agreements**") pursuant to which Shenzhen Lanyue agreed to pledge all of its equity interests in the PRC Operating Entities to Shengyue Software as security interest to secure performance of all its obligations and the obligations of the PRC Operating Entities under the Exclusive Business Cooperation Agreements and the Exclusive Option Agreements.

Under the Equity Pledge Agreements, if any of the PRC Operating Entities declares any dividend during the term of the pledge, Shengyue Software is entitled to receive all such dividends, bonus issue or other income arising from the pledged equity interests, if any. If Shenzhen Lanyue breaches or fails to fulfil the obligations under any of the aforementioned agreements, Shengyue Software, as the pledgee, will be entitled to dispose of the pledged equity interests. In addition, pursuant to the Equity Pledge Agreements, Shenzhen Lanyue has undertaken to Shengyue Software, among other things, not to transfer its equity interests in the PRC Operating Entities and not to create or allow any pledge thereon that may affect the rights and interests of Shengyue Software without its prior written consent.

The Equity Pledge Agreements shall remain effective until all the agreements (other than the Equity Pledge Agreements) underlying the Contractual Arrangements have been terminated.

(iv) Power of Attorney

On 30 May 2018, Shenzhen Lanyue, Shengyue Software and the PRC Operating Entities executed a power of attorney pursuant to which Shenzhen Lanyue irrevocably appointed Shengyue Software and its designee (including but not limited to the directors of Shengyue Software, Directors and their successors and liquidators replacing the Directors or the directors of Shengyue Software but excluding those non-independent or who may give rise to conflict of interests) as their attorneys-in-fact to exercise on their behalf, any and all rights that they have in respect of their equity interests in the PRC Operating Entities, including without limitation, the rights to (i) attend shareholders' meetings, (ii) exercise voting rights in shareholders' meetings to appoint directors, supervisors and senior management, (iii) decide on any acquisition or disposal of the equity interest of Shenzhen Lanyue in the PRC Operating Entities or the winding-up or dissolution of the PRC Operating Entities, (iv) file documents with relevant governmental authorities or regulatory bodies, and (v) exercise such other shareholders' rights as stipulated under applicable PRC laws, rules and regulations and the articles of association of the PRC Operating Entities.

Shenzhen Lanyue, as the registered shareholder of the PRC Operating Entities, has undertaken that it will not directly or indirectly participate in, engage in, involve in, or own any business which potentially competes with Shengyue Software and the PRC Operating Entities.

Further, the power of attorney shall remain effective for so long as Shenzhen Lanyue holds equity interest in the PRC Operating Entities, unless Shengyue Software has given written instructions to the contrary.

Reasons for adopting the Contractual Arrangements

The Company and its direct wholly-owned subsidiary, Shengyue Software, as foreign investors, are prohibited from holding equity interests in the PRC Operating Entities, which operate mobile game publishing and operation businesses and are considered to be engaged in the provision of online publication business, online game operation business and value-added telecommunications business for which foreign investment is prohibited or restricted. In order to conduct the business in China through the PRC Operating Entities, the Group, through its wholly-owned subsidiary, Shengyue Software, entered into the Contractual Arrangements.

For further details of the foreign investment restrictions, please refer to the section headed "Contractual Arrangements - Introduction" on pages 244 to 248 of the Prospectus.

Risks relating to the Contractual Arrangements

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

(i) the Contractual Arrangements may not be as effective in providing operational control as direct ownership. The PRC Operating Entities or their shareholder, Shenzhen Lanyue, may fail to perform their obligations under the Contractual Arrangements;

(ii) if the PRC government finds that the agreements that establish the structure for operating the Company's business in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, the Group could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of the Company's interest in the PRC Operating Entities;

(iii) substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which took effect on 1 January 2020, and how it may impact the viability of the Group's current corporate structure, corporate governance and business operations; and

(iv) the Company may lose the ability to use and enjoy assets held by the PRC Operating Entities that are material to the Group's business operations if the PRC Operating Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding;

(a) the Company conducts its business operations in China through the PRC Operating Entities by way of the Contractual Arrangements. However, certain terms of the Contractual Arrangements may not be enforceable under PRC laws;

(b) the Contractual Arrangements between Shengyue Software and the PRC Operating Entities may subject the Group to increased income tax due to the different income tax rates applicable to Shengyue Software and the PRC Operating Entities and adversely affect the results of operations of the Group; and

(c) if the Group exercises the option to acquire equity ownership and assets of the PRC Operating Entities, the ownership or asset transfer may subject the Group to substantial costs.

For further details, please refer to the section headed "Risk Factors - Risks Related to Our Contractual Arrangements" on pages 63 to 68 of the Prospectus.

Actions taken by the Group to mitigate the risks relating to the Contractual Arrangements

The Group has adopted following measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and the Group's compliance with the Contractual Arrangements:

(i) as part of the internal control measures, major issues arising from implementation of the Contractual Arrangements will be regularly reviewed, at least on a quarterly basis, by the Board;

(ii) matters relating to compliance and regulatory enquiries from government authorities (if any) will be discussed at these regular meetings;

(iii) the relevant business units and operation divisions of the Group will report regularly, and no less frequently than on a monthly basis, to the senior management of the Company in relation to compliance and performance conditions under the Contractual Arrangements and other related matters;

(iv) the company seals, financial seals, contract seals and crucial corporate certificates of the PRC Operating Entities are kept by the Group's finance department. Any employee of the Group who wishes to use the seals will have to obtain internal approval from the business, legal and/or finance department(s) (as the case may be) of the Group, as well as approval from relevant department heads and vice presidents and the chief executive officer of the Company, depending on the importance or transaction value of the document to which the seal/seals will be affixed. The business, legal and/or finance departments constitute the Group's central management system and the persons in charge of these departments as well as the department members responsible for the custody and handling of the seals and crucial corporate certificates are employees of Shengyue Software or the Company;

(v) if necessary, legal advisers and/or other professionals will be retained to assist the Group to deal with specific issues arising from the Contractual Arrangements and to ensure that the operation and implementation of the Contractual Arrangements as a whole will comply with applicable laws and regulations;

(vi) the independent non-executive Directors will review the compliance of the Contractual Arrangements on an annual basis and their confirmation will be disclosed in the Company's annual reports;

(vii) to avoid potential conflicts of interest, the Board (including the independent non-executive Directors) will ensure that any designee or person or entity designated by Shengyue Software and Shenzhen Lanyue for the purpose of exercising any of the rights originally granted to Shengyue Software and/or such designee under the Contractual Arrangements shall be restricted to a legally-held subsidiary of the Company (and which will be under the management control of the Company) or an authorised director of the Company or a legally-held subsidiary (whom shall own fiduciary duties to the Company) and shall exclude any of its associates. The Board will also ensure that no rights shall be granted to any other third parties outside of the Group which do not owe any fiduciary duties to the Company;

(viii) the Board (including the independent non-executive Directors) will ensure that Shengyue Software will only approve and consent to the relevant operating entity carrying out the principal business and ancillary business of the Group which would otherwise be prohibited or restricted to be carried out by foreign invested entities under relevant PRC laws and regulations;

(ix) the Board (including the independent non-executive Directors) will ensure that the PRC Operating Entities shall retain and continue to hold all relevant intellectual properties, including trademarks, computer software, copyrights and domain names, required for the purpose of maintaining and renewing its operating licenses and permits as required by relevant PRC government authorities, and going forward and to the extent permissible under PRC laws and regulations, Shengyue Software or any other legally held member of the Group shall be the registered owner of the trademarks which will be material to the business of the Group; and

(x) the Group will unwind the Contractual Arrangements as soon as relevant PRC laws and regulations allow the principal business of the Group to be conducted and operated by the subsidiaries of the Company without such arrangements in place.

To ensure that Shenzhen Lanyue and the PRC Operating Entities will comply with the Contractual Arrangements, the Group also introduced the following measures:

(a) the three independent non-executive Directors will continue to play an independent role on the Board by reviewing the effective implementation of the procedures and controls referred to above and compliance with the Contractual Arrangements; and

(b) in the event of the occurrence of a conflict of interests (where Shengyue Software has the sole and absolute discretion to determine whether such conflict arises), Shenzhen Lanyue shall take appropriate measures upon the consent of Shengyue Software or its designee to eliminate such conflicts, failing which Shengyue Software may exercise, to the extent permitted under the PRC laws, the option under the Exclusive Option Agreements.

Listing Rules Implications and Waiver from the Stock Exchange

The PRC Operating Entities will be treated as the Company's wholly-owned subsidiaries, and their directors, chief executives or substantial shareholders (as defined in the Listing Rules) and their respective associates will be treated as the Company's connected persons. Shenzhen Lanyue, which is the registered shareholder of the PRC Operating Entities, will be treated as a connected person of the Company. Accordingly, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

In view of the Contractual Arrangements, the Company has applied to the Stock Exchange, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.102 of the Listing Rules from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Rule 14A.105 of the Listing Rules, (ii) the annual cap requirement for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as Shares are listed on the Stock Exchange subject however to the conditions provided under the waiver. For further details, please refer to the section headed "Connected Transactions" on pages 269 to 273 of the Prospectus.

Material Change or Termination of the Contractual Arrangements

During the year ended 31 December 2024, (i) there were no new contractual arrangements entered into, renewed or reproduced between the Group and the PRC Operating Entities, (ii) there were no material changes in the Contractual Arrangements or the circumstances under which they were adopted, and (iii) none of the structured contracts under the Contractual Arrangements mentioned above has been unwound as none of the restrictions that led to the adoption of structured contracts under the Contractual Arrangements have been removed.

Annual Review

The Directors, including the independent non-executive Directors, have reviewed the Contractual Arrangements and have confirmed that the Contractual Arrangements were entered into (i) in the ordinary and usual course of business of the Group, (ii) on normal commercial terms, and (iii) in accordance with the respective agreements governing them on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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

(a) the transactions carried out during the year ended 31 December 2024 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, and that the profit generated by the PRC Operating Entities has been substantially retained by Shengyue Software;

(b) no dividends or other distributions have been made by the PRC Operating Entities or any non-wholly owned subsidiary of the Group to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and

(c) other than the Contractual Arrangements, no new contracts have been entered into, renewed and/or reproduced between the Group and the PRC Operating Entities during the year ended 31 December 2024.

The Auditor has confirmed in a letter to the Board confirming that the transactions under the Contractual Arrangements have been approved by the Board, the transactions carried out during the year ended 31 December 2024 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, and that no dividends or other distributions have been made by the PRC Operating Entities or any non-wholly owned subsidiary of the Group to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group. The Board confirmed that the Auditor has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2024 are set out in note 34 to the consolidated financial statements in this annual report.

None of the related party transactions or continuing related party transactions (as the case may be) constitutes a connected transaction or continuing connected transaction of the Company, and the Company has complied with all disclosure requirements in Chapter 14A of the Listing Rules.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the year ended 31 December 2024, the Group was not involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that the Group believes is likely to have a material adverse effect on the Group's business, results of operations, financial condition or reputation. However, the Group is from time to time party to various legal, arbitration or administrative proceedings arising in the ordinary course of its business as a game publisher, operator and developer.

Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations which have a significant impact to the Group. As at the date of this directors' report, except as disclosed in the Prospectus, the Group complied with, in all material respects, all the relevant and applicable PRC laws and regulations governing the business of intellectual property development and management and the Group has obtained all licenses, permits and certificates for the purpose of operating its business.

As at the date of this directors' report, the Group is not involved in and the Board is not aware of any non-compliance incidents that might adversely affect the value of the Company's interests in them.

ISSUANCE OF SHARES AND DEBENTURES

During the year ended 31 December 2024, except for the allotment and issuance of 243,777,777 Shares, no issuance of Shares or debentures was made by the Company. For details, please refer to the sections headed "Management Discussion and Analysis – Use of Proceeds from the First Subscription, Use of Proceeds from the Second Subscription and Purchase, Sale or Redemption of Listed Securities" above and the announcements of the Company dated 29 May 2024, 22 July 2024, 11 September 2024, 13 October 2024, 22 October 2024 and 1 November 2024.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, every Director or other officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers. Such permitted indemnity provisions were in force during the year ended 31 December 2024.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. A report on the principle corporate governance practices adopted by the Company is set out in the corporate governance report of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the issuer's total number of issued shares must at all times be held by the public. Based on information that is publicly available and to the best knowledge of the Directors, at least 25% of the Company's total issued shares was held by the public at all times during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

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

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

The Directors have confirmed that during the year ended 31 December 2024, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters with the management. The Audit Committee, together with the Auditor, has reviewed the Group's consolidated financial statements for the year ended 31 December 2024. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

AUDITOR

The Company has appointed BDO Limited as its external auditor for the year ended 31 December 2024.

A resolution for BDO Limited's re-appointment as the Company's auditor and the authorisation to the Board to determine their remuneration will be proposed at the Company's forthcoming annual general meeting.

By order of the Board
CMGE Technology Group Limited
XIAO Jian
Chairman

Hong Kong, 27 March 2025

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The following table presents certain information in respect of the members of the Board.

Members of the Board

Name	Age	Position	Date of Appointment as a Director
Mr. XIAO Jian (肖健)	45	Executive Director, Chairman and Chief Executive Officer	25 April 2018
Mr. SIN Hendrick *M.H.* (冼漢迪)	50	Executive Director and Vice Chairman	25 April 2018
Mr. FAN Yingjie (樊英傑)	54	Executive Director	23 December 2020
Mr. ZHANG Shengyan (張聖晏)	35	Non-executive Director	10 May 2021
Mr. JIANG Yukai (江育凱)	49	Non-executive Director	22 April 2024
Ms. NG Yi Kum (伍綺琴)	67	Independent Non-executive Director	20 September 2019
Mr. TANG Liang (唐亮)	47	Independent Non-executive Director	20 September 2019
Mr. HO Orlando Yaukai (何猷啟)	33	Independent Non-executive Director	20 September 2019

The biography of each Director is set out below:

Executive Directors

Mr. XIAO Jian (肖健), aged 45, is an executive Director, the chairman and the chief executive officer of the Company. Mr. Xiao is responsible for the overall business operation, management and strategic planning of the Group. Mr. Xiao has over 10 years of experience in the China mobile game industry, and is one of the founders of CMGE Group, the holding company of the Group's mobile game publishing business. He was the chief operating officer of CMGE Group from January 2011 to April 2012 and has been the chief executive officer and a director of CMGE Group since April 2012 and August 2012, respectively. Prior to that, in July 2007, Mr. Xiao founded Huiyou Digital (Shenzhen) Ltd. (匯友數碼(深圳)有限公司), a mobile game developer in the PRC, which was subsequently acquired by Crazy Sports Group Limited (瘋狂體育集團有限公司) (formerly known as V1 Group Limited), a company listed on the Main Board of the Stock Exchange (stock code: 0082), in October 2009.

Mr. Xiao is a recognised figure in the industry and was recognised as (i) a "Top Ten Influencer (十大影響力人物)" by Game Publishing Committee of China Audio-Video and Digital Publishing Association (中國音數協遊戲工委) for three consecutive years from 2014; (ii) an "Outstanding Entrepreneur of China's Game Industry (中國遊戲行業優秀企業家)" by China Culture and Entertainment Association (中國文化娛樂協會) for three consecutive years from 2015; (iii) "The Person of the Year in the Industry (年度行業風雲人物)" by Sina Games (新浪遊戲) in 2015 and 2018; (iv) a "Top Ten Person (十大風雲人物)" by China.com (中華網) in 2015; (v) among the "Top Ten CEOs of Influence (十大影響力CEO)" in 2015 and 2016 and "The Most Influential Person in the Industry (年度行業領軍人物)" in 2017 by Mobile Hardcore Alliance (硬核聯盟); (vi) a "Top Ten Person of the Year (十大風雲人物)" by the Youthun Club (遊聯社) in 2016; (vii) "The Most Influential Person in the Industry (最具業內深度影響力人物)" jointly by "Internet Weekly (互聯網週刊)" of the Chinese Academy of Sciences (中國科學院) and the Informatisation Research Centre of the Chinese Academy of Social Sciences (中國社會科學院信息化研究中心) in 2017 and 2018; (viii) the "2017 Tianfu Award-winning Influencer (2017年度天府獎影響力人物)" by CMGC in 2017; (ix) the "Outstanding Entrepreneur of Guangdong Province (廣東省優秀企業家)" by Guangdong Provincial Enterprise Confederation (廣東省企業聯合會組織) and Guangdong Provincial Entrepreneur Association (廣東省企業家協會) in 2017 and 2019; (x) a director of Shenzhen Young Entrepreneurs Federation (深圳市青年企業家聯合會) in 2017; and (xi) an expert of the Guangdong Entertainment & Game Industry Association (廣東省遊戲產業協會) in 2018.

Mr. Xiao is (i) a special expert of the Expert Think Tank of the China Game Industry Research Institute (中國遊戲產業研究院) and a vice chairman of the Game Working Committee (遊戲出版工作委員會) of the China Audio-video and Digital Publishing Association (中國音像與數字出版協會) since September 2021; (ii) an expert of the Guangdong Entertainment & Game Industry Association (廣東省遊戲產業協會) since January 2022; (iii) the executive vice president of the Networkers Branch of Shenzhen New Social Stratum Association (深圳市新的社會階層人士聯合會網絡人士分會) since January 2023; (iv) a deputy director of Shenzhen Internet Industry Association Game Industry Professional Committee (深圳市互聯網行業聯合會遊戲行業專業委員會) and an executive director of Shenzhen Internet Culture Market Association (深圳市互聯網文化市場協會) since 2018; (v) a director of Shenzhen Federation of Industry & Commerce (Futian Branch) (深圳市福田區工商聯) from 2018 to 2022; (vi) the chairman of Hong Kong Futian Youth Association (香港福田青年會) since March 2024; (vii) the chairman of Hong Kong Shenzhen Youth Association (香港深圳青年總會) and the chairman of the Hong Kong Youth Development Alliance (香港青年發展聯盟) since June 2024; and (xi) the executive vice chairman of the Shenzhen Futian District Overseas Friendship Association (深圳市福田區海聯會) since July 2024.

Mr. Xiao graduated from South China Normal University (華南師範大學) in February 2009 with a bachelor's degree in law through online education, and from Beijing University of Aeronautics and Astronautics (北京航空航天大學) in July 2014 with a master's degree in software engineering.

Mr. SIN Hendrick *M.H.* (冼漢廸), aged 50, is an executive Director and the vice chairman of the Company. Mr. Sin is responsible for the overall business operation, management and strategic planning of the Group. Mr. Sin has over 26 years of experience in corporate management, finance and investment banking. Mr. Sin has been a director and vice chairman of CMGE Group since January 2011. Mr. Sin has been serving as an independent non-executive director of Evergreen Products Group Limited, a hair product manufacturing company whose shares are listed on the Stock Exchange (stock code: 1962), since June 2017, and has been serving as an independent non-executive director of 36Kr Holdings Inc. ("**36Kr**"), a publishing and data company whose shares are listed on the NASDAQ (stock symbol: KRKR) since November 2019. Mr. Sin has also been appointed as an independent non-executive director, the chairman and a member of Nomination Committee of Hong Kong Economic Times Holdings Limited, a company listed on the Stock Exchange (stock code: 423), with effect from 1 January 2022. Mr. Sin has been serving as an independent non-executive director of China Tower Corporation Limited, an information communications infrastructure service provider whose shares are listed on the Stock Exchange (stock code: 788), since October 2022. Mr. Sin has also been serving as an independent non-executive director of Tianjin Development Holdings Limited, an investment holding company principally engaged in the supply of electricity, water, heat and thermal power, whose shares are listed on the Stock Exchange (stock code: 882), since March 2023.

Mr. Sin is (i) the president of the Internet Professional Association (香港互聯網專業協會), (ii) the executive vice-chairman of the Hong Kong Software Industry Association (香港軟件行業協會), and (iii) a member of the Hong Kong Institute of Directors (香港董事學會). Mr. Sin was appointed as a member of the fourteenth session of Tianjin Municipal's Standing Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議天津市第十四屆委員會常委). Mr. Sin was awarded the Young Industrialist Award of Hong Kong of 2018 by Federation of Hong Kong Industries in November 2018. Mr. Sin was recognised as one of China's 100 Most Popular Investors as Voted by Startup Entrepreneurs (中國最受創業者歡迎投資人TOP 100) by 36Kr from 2018 to 2021, and as one of the Top 10 Investors of Chinese Cultural Industry in 2018-2019 (2018-2019年度中國文化產業十佳投資人物) by Chinese Venture (融資中國). Mr. Sin was awarded Linghang Outstanding Entrepreneur the Guangdong-Hong Kong-Macao Greater Bay Area Award (領航粵港澳大灣區傑出企業家獎) at "Leading 9+2" First Guangdong-Hong Kong-Macao Greater Bay Area Development Forum ("領航9+2"首屆粵港澳大灣區發展論壇) in March 2021. Mr. Sin was awarded the InnoStars Award 2021 (香港創新領軍人物大獎 2021) by Our Hong Kong Foundation (團結香港基金) in July 2022. Mr. Sin was awarded by 36Kr as one of the Top 20 China's Investors in New Generation of Information Technology in 2023 (2023年度中國新一代信息技術領域投資人), one of the Top 20 China's Industrial Investors in New Materials in 2024 (2024年度中國新材料領域投資人) and one of the Top 20 China's Industrial Investors in New Energy in 2024 (2024年度中國新能源領域投資人) in September 2023 and September 2024 respectively.

Mr. Sin received the Medal of Honour awarded from the Government of Hong Kong on 1 July 2021 and was elected as a deputy of Hong Kong to the fourteenth National People's Congress （香港特別行政區第十四屆全國人民代表大會代表）on 15 December 2022.

Mr. Sin graduated from Stanford University in June 1997 with a master's degree in engineering in economic systems and operations research. Mr. Sin received his triple bachelor's degrees in computer science/mathematics, economics and industrial management from Carnegie Mellon University in May 1996.

Mr. FAN Yingjie (樊英傑), aged 54, is an executive Director. Mr Fan is the chairman and the chief executive officer of Wenmai Hudong, an indirect wholly-owned subsidiary of the Company specialising in mobile game development. He is also the sole director of the subsidiaries of Wenmai Hudong. Mr. Fan has over 15 years of experience in the game development industry in the PRC. Since the establishment of Wenmai Hudong in 2014, Mr. Fan has been responsible for its overall business operation, management and strategic planning. Mr. Fan is also the chief producer of some of the Company's popular self-developed games, including *Legend of Dragon City* (龍城傳奇), *Blood Legend* (血飲傳説), *War Song - the Creation* (熱血戰歌之創世), *Dragon Buster* (屠龍戰記) and *The World of Legend – Thunder Empire* (傳奇世界之雷霆霸業).

Mr. Fan graduated from Handan University (邯鄲大學) (now known as Handan Polytechnic College (邯鄲職業技術學院)) majoring in business management in 1994.

Non-executive Directors

Mr. ZHANG Shengyan (張聖晏), aged 35, is a non-executive Director. He is the Vice President of Bilibili, in charge of the Copyright Cooperation Centre, Animation Centre and Investments and Acquisitions Department.

Mr. Zhang has been responsible for Bilibili's investments and acquisitions businesses, purchases of Chinese and foreign copyrighted contents, self-produced animation and IP commercialization operations. Being engaged in the development of the Chinese originality brand name of "Made by Bilibili", Mr. Zhang has also participated in the investment, production and distribution of a number of premium contents. He has played a leading role in the setting of Bilibili's original ecology in the areas of Chinese original animated cartoons and documentaries, and has successfully produced and run a number of highly popular and reputable projects including "The Story of Chuaner" and "Incarnation".

Mr. Zhang holds a bachelor's degree in Economics from Shanghai University of Finance and Economics in 2011 and a master's degree of Science in Economic, Finance and Management from University of Bristol in 2012. He is an intermediate economist, holding a practicing license in securities issued by the Securities Association of China and a professional qualification of Chartered Financial Analyst (CFA) from CFA Institute.

Mr. JIANG Yukai (江育凱), aged 49, is a non-executive Director. He is the investment director of Guangdong Pearl River Investment Management Group Company Limited (廣東珠江投資管理集團有限公司), and is in charge of foreign investment.

Mr. Jiang has been responsible for equity investment and merger and acquisition as well as private fund investment business of Pearl River Investment Management Group. He led the investments of various ultra-large infrastructure projects including the world's largest coal-fired power generating units of Guangdong Huaxia Yangxi power plant (廣東華廈陽西電廠), and took the lead to complete issues such as equity acquisition of HYCAN (originally, a joint venture of GAC Group and NIO Inc.) and preparation and establishment of private fund of Pearl River GLP logistics (珠江·普洛斯物流). Mr. Jiang also possesses abundant investment experience in domestic and foreign capital markets.

Mr. Jiang obtained a bachelor's degree in accounting from Guangdong University of Finance & Economics in 2000. He is a Certified Internal Auditor and holds qualifications for engagement in securities, funds and futures.

Independent non-executive Directors

Ms. NG Yi Kum (伍綺琴), aged 67, is an independent non-executive Director. Ms. Ng has over 12 years of experience in serving listed companies. She has been serving as (i) an executive director of Tse Sui Luen Jewellery (International) Limited ("**Tse Sui Luen Jewellery**"), a company listed on the Stock Exchange (stock code: 0417) from December 2015 to 27 May 2024 and has acted as a consultant of Tse Sui Luen Jewellery until 30 June 2024, (ii) an independent non-executive director of Powerlong Commercial Management Holdings Limited, a company listed on the Stock Exchange (stock code: 9909) since December 2019, (iii) an independent non-executive director of Tianjin Development Holdings Limited, a company listed on the Stock Exchange (stock code: 0882) since July 2010, (iv) an independent non-executive director of Comba Telecom Systems Holdings Limited, a company listed on the Stock Exchange (stock code: 2342) since March 2019, and (v) an independent non-executive director of KWG Living Group Holdings Limited (stock code: 3913) since October 2020. Ms. Ng was an independent non-executive director of CT Vision S.L. (International) Holdings Limited (formerly known as CT Vision (International) Holdings Limited), a company listed on the Stock Exchange (stock code: 0994) from July 2019 until 30 June 2022. She did not offer herself for re-election at its annual general meeting, and accordingly, has retired from its board with effect from 30 June 2022. From June 2013 to August 2019, Ms. Ng served as an independent non-executive director of China Power Clean Energy Development Company Limited, a company listed on the Stock Exchange and delisted in August 2019 (stock code: 0735). From May 2016 to May 2017, Ms. Ng served as an independent non-executive director of DS Healthcare Group, Inc., a company listed on the NASDAQ and delisted in December 2016 (stock symbol: DSKX). From September 2012 to August 2015, Ms. Ng served as an independent non-executive director of CMGE Group, a company listed on the NASDAQ and delisted in August 2015 (stock symbol: CMGE). From December 2011 to June 2013, Ms. Ng served as an independent non-executive director of China Finance Investment Holdings Limited (formerly known as Cypress Jade Agricultural Holdings Limited and Ever Fortune International Holdings Limited), a company listed on the Stock Exchange (stock code: 0875). From September 2008 to July 2015, Ms. Ng served as an independent non-executive director of Hong Kong Resources Holdings Company Limited (formerly known as Ocean Grand Chemicals Holdings Limited), a company listed on the Stock Exchange (stock code: 2882). From January 2008 to April 2014, Ms. Ng served as the chief financial officer of Country Garden Holdings Company Limited, a company listed on the Stock Exchange (stock code: 2007). From September 2005 to November 2007, she served as an executive director of Hang Lung Properties Limited, a company listed on the Stock Exchange (stock code: 0101).

Ms. Ng graduated from the Hong Kong University of Science and Technology with a master's degree in business administration in 1995. She is a fellow member of the Institute of Chartered Accountants in England and Wales, an associate of the Hong Kong Institute of Chartered Secretaries, a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, and a member of the American Institute of Certified Public Accountants.

Mr. TANG Liang (唐亮), aged 47, is an independent non-executive Director. Mr. Tang has been serving as (i) an executive director and Chairman of Smart Digital Technology Group Limited listed on the Stock Exchange (stock code: 1159, formerly known as Starlight Culture Entertainment Group Limited) from September 2020 to October 2024; (ii) the director of We Doctor Holdings Limited since December 2020, currently serves as a non-executive director and the chairman; (iii) the chairman and general manager of China Investment Financial Holdings Fund Management Company Limited (中投中財基金管理有限公司) since April 2015; (iv) the director of New Journey Health Group Ltd (新里程健康集團有限公司) (formerly known as New Journey Hospital Group Ltd. (新里程醫院集團有限公司)) since June 2019; (v) a director and the chairman of CAS Health Industry (Beijing) Co., Ltd. (中科健康產業(北京)有限公司) since December 2016 and January 2024 respectively; (vi) the chairman of China HE HeYue Private Equity Fund Management Co., Ltd. (合肥中合合悅私募基金管理有限公司) (formerly known as Hefei CIFH Private Equity Fund Management Co., Ltd. (合肥中投中財私募基金管理有限公司)) since December 2016; and (vii) an outside director of Actoz Scott Co., Ltd, a company listed on the Korea Exchange (stock code: 052790.KQ) in March 2021, with the term until March 2027. Mr. Tang served as an independent director of Tencent Music Entertainment Group, a company listed on the New York Stock Exchange (stock symbol: TME) from April 2014 to September 2022.

Mr. Tang graduated from Peking University in July 2000 with a bachelor's degree in law. Mr. Tang received a master's degree in litigation law from Peking University in July 2002, a master's degree in law from Yale University in June 2003 and a master's degree in science of law from Stanford University in June 2005.

Mr. HO Orlando Yaukai (何猷啟), aged 33, is an independent non-executive Director. Mr. Ho served as a director of Koo Tech Limited (酷奧科技有限公司) from October 2014 to January 2020, an assistant manager of UNIR (HK) Management Ltd since 2013, a director of UNIR Australia Pty Ltd Group since August 2014, a director of Tinon Investments Ltd since December 2019, a director of Skyin Ltd since March 2020, the chairman of New Blue Ocean Advertisement (Macau) Ltd since January 2018, a chief executive officer of OSMAN Entertainment Ltd since May 2018, a vice chairman and the chairman of Tung Wah Group of Hospitals (東華三院) respectively since 2020 and April 2025 and a director of the same institution since April 2016, and a general manager of Guangzhou Luhu Golf & Country Club (廣州麓湖高爾夫球鄉村俱樂部) from March 2016 to July 2023. Mr. HO served as (i) a member of the Standing Committee of the 12th Guangxi Zhuang Autonomous Region Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十二屆廣西壯族自治區委員會常務委員) from February 2018 to January 2023, and (ii) a member of the 11th Guangxi Zhuang Autonomous Region Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十一屆廣西壯族自治區委員會) from December 2014 to January 2018.

Mr. Ho has also served as (i) the executive vice-chairman of the Hong Kong CPPCC Youth Association (香港政協青年聯會) from May 2016 to May 2024 and the executive vice-president of the same institution from May 2014 to April 2016, (ii) the chairman of the Hong Kong Guangxi Sports Association Ltd. (香港廣西體育總會) since March 2014 and the executive vice president of the same institution from November 2013 to February 2014, (iii) the executive vice-chairman of the Hong Kong Guangxi Youth Organisations Limited (香港廣西青年聯會) since March 2014, (iv) the executive vice-president of the Federation of Hong Kong Guangxi Community Organisation Ltd. (香港廣西社團總會) since November 2013, (v) the vice-chairman of the Hong Kong Volunteers Federation (香港義工聯盟) since November 2015, and (vi) the honorary president of the Anti-Drug Army of Hong Kong Limited (香港禁毒兵團) since January 2015.

Mr. Ho graduated from Bentley University in the United States with a bachelor's degree in science in corporate finance and accounting in October 2013.

SENIOR MANAGEMENT

The following table presents certain information in respect of the senior management personnel of the Group (other than the executive Directors).

Name	Age	Roles and responsibilities
Mr. WANG Chunye (王春葉) *(appointed with effect from 9 April 2025)*	42	The co-chief executive officer of the Company
Ms. LIANG Yan (梁燕)	46	A partner and a vice president of the Company responsible for the Group's internal control management, budget management, legal department management, business operation analysis and investment execution matters
Mr. WANG Xiaolin (王曉霖)	40	A partner and a vice president of the Company responsible for the Group's domestic and overseas product distribution and operations related matters of Spark Universe BU (星火宇宙發行事業部) in China
Mr. YUAN Yu (袁宇)	48	A partner and a vice president of the Company responsible for the Group's IP introduction, CP introduction and IP authorisation
Mr. ZHOU Daojun (周道軍)	46	A vice president of the Company responsible for the Group's management of the data middle platform technology
Ms. LAI Yau Yan Gladys (黎佑欣)	45	The financial controller and company secretary of the Company

The biography of each senior management member is set out below:

Mr. WANG Chunye (王春葉), aged 42, currently serves as the general manager of Lemando Interactive Entertainment (Shanghai) Co., Ltd. (樂曼多互動娛樂（上海）有限公司) and is responsible for global publishing and operation as well as the establishment and management of publishers. Mr. Wang has been the chief operating officer of 福建省天晴互動娛樂有限公司, a subsidiary engaging in gaming business of NetDragon Websoft Holdings Limited (網龍網絡控股有限公司) ("**NetDragon**"), a company listed on the Stock Exchange (stock code: 0777), from August 2020 to December 2021, and was responsible for the operation and publishing work of all gaming business of NetDragon. Mr. Wang held several positions in Giant Network Group Co., Ltd. (巨人網絡集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 2558), including (i) game publishing manager from January 2011 to August 2020, mainly responsible for the domestic product segment, the publishing and operation of certain self-developed products and agent products as well as domestic and foreign game product introduction, evaluation and intellectual property cooperation; (ii) director of the Planning Research Institute (策劃研究院) from March 2010 to June 2015, mainly responsible for the management of the game evaluation, industry survey, user research and other segments under the Planning Research Institute; and (iii) chief research officer from March 2010 to June 2014, mainly responsible for the research and development of ZT Online Studio (征途工作室). Mr. Wang also held several positions in Shanghai Shengda Network Development Co., Ltd. (上海盛大網絡發展有限公司), including (i) producer from March 2009 to March 2010, mainly responsible for the game product business of Chengdu branch company; and (ii) product manager from August 2007 to February 2009.

Mr. Wang obtained a bachelor's degree in Computer Networking from Chengdu University of Information Technology in July 2005.

Ms. LIANG Yan (梁燕), aged 46, is a partner and a vice president of the Company. Ms. Liang is primarily responsible for the Group's internal control management, budget management, legal department management, business operation analysis and investment execution matters. Ms. Liang has nearly 10 years of experience in corporate management and operation. She joined Huiyou Digital (Shenzhen) Ltd. (匯友數碼(深圳)有限公司) in December 2010 and served as its vice president from August 2012 to November 2015. Ms. Liang also served as the vice president of Shenzhen Douyue since November 2015 and then served as its partner until February 2018. Since March 2018, she has been serving as a vice president and partner of Shenzhen Victory Games. Since May 2018, she has also been serving as the director of Beijing Softstar. Since May 2020, she has been a partner and a vice president of Hainan Chuangyue. Prior to joining the Group, from August 2008 to August 2009 and from August 2009 to November 2010, Ms. Liang worked at Shenzhen KKFUN Software Development Co., Ltd. (深圳市快樂風軟件開發有限公司) as a vice director of the network business department and a director of its production development department, respectively. She received her bachelor's degree in engineering in mechanical design and manufacture from Northwest Textile Science and Technology University (西北紡織工學院, which was renamed as Xi'an Polytechnic University (西安工程大學) in 2006) in July 2000.

Mr. WANG Xiaolin (王曉霖), aged 40, is a partner and a vice president of the Company. Mr. Wang is primarily responsible for the Group's domestic and overseas product distribution and operations related matters of Spark Universe BU (星火宇宙發行事業部) in China. Mr. Wang has over fifteen years of experience in the game and technology industries. He joined the Group in February 2014 and has consecutively served as a vice general manager and general manager of Chengdu Zhuoxing, and as vice general manager of Tianjin Suiyue Technology Co., Ltd. (天津隨悦科技有限公司). Mr. Wang has also been a partner of the Company and vice president of the Group since November 2016. Prior to joining the Group, Mr. Wang worked at former cooperative product department of Tencent Technology (Shenzhen) Co., Ltd. (騰訊科技(深圳)有限公司) as an operation manager of WARFACE product from December 2010 to February 2014, where he was primarily responsible for overall project operation and team management. He received his bachelor's degree of engineering in inorganic non-metal material engineering from Hehai University (河海大學) in June 2007 and his master of science in technology management from University of Bridgeport in May 2009.

Mr. YUAN Yu (袁宇), aged 48, is a partner and a vice president of the Company. He is responsible for the Group's IP introduction, CP introduction and IP authorisation. Mr. Yuan has nearly 20 years of experience in business management and operation. He joined the Group in May 2015 and served as a general manager of a copyright centre of Shenzhen Lanyue and has been serving as its vice president and partner since November 2016. Mr. Yuan has also been serving as the vice president and partner of Shenzhen Victory Games since March 2018. Prior to joining the Group, (i) from July 2013 to May 2015, he served as a senior strategic project manager of Walt Disney (Beijing) Co., Ltd. (華特迪士尼(北京)有限公司) and then as the senior business development manager of Walt Disney Company (China) Limited (華特迪士尼(中國)有限公司), responsible for channel docking, authorisation of intellectual property and games and channel related matters, (ii) from August 2012 to June 2013, he served as an assistant vice president of ME Marketing Centre of Madhouse Inc. (上海億動商道廣告有限公司), responsible for marketing and customer management, (iii) from February 2006 to April 2011, he served as the regional marketing director of Huayou Times Technology Development Co., Ltd (華友時代科技發展有限公司) (formerly known as Shengda Wireless (Beijing) Technology Development Co., Ltd. (盛大無綫(北京)技術發展有限公司)), responsible for sales and marketing in the region, and (iv) from June 1999 to March 2001, Mr. Yuan served as a regional supervisor of handheld products of Lenovo (Beijing) Co., Ltd. (聯想(北京)有限公司). He graduated from Northeastern University (東北大學) with a bachelor's degree in engineering in July 1999.

Mr. ZHOU Daojun (周道軍), aged 46, is a vice president of the Company. Mr. Zhou is primarily responsible for the Group's management of the data middle platform technology (中台). Mr. Zhou has more than 20 years of experience in technology management. Mr. Zhou joined the Group in January 2015 and served as the deputy general manager and general manager of the information center and the general manager of the technology center. Prior to joining the Group, Mr. Zhou worked at China Unicom (中國聯通), and had extensive working experience on billing system of telecommunication operators. Mr. Zhou received his bachelor's degree in Engineering in computer communication from Xi'an College of Posts and Telecommunications (西安郵電學院) (2012 renamed as Xi'an University of Posts and Telecommunications (西安郵電大學)) in July 2002.

Ms. LAI Yau Yan Gladys (黎佑欣), aged 45, is the financial controller and company secretary of the Company. Ms. Lai joined China Mobile Games and Entertainment Group (HK) Limited, an indirect wholly-owned subsidiary of the Company, as an assistant finance manager in July 2014, and was promoted to financial controller in April 2018. Ms. Lai was also appointed as the secretary of the Company on 19 June 2018. Ms. Lai has over 20 years of experience in financial reporting as well as management reporting. Ms. Lai served as an assistant accounting manager at Hutchison Whampoa Properties Limited from June 2012 to April 2014, a senior accountant at PCCW Limited from October 2008 to June 2012, an accountant at Hutchison Telecommunications International Limited from October 2005 to April 2008 and a senior accountant at Ernst & Young from September 2001 to September 2005.

Ms. Lai graduated from the University of British Columbia in Canada with a bachelor's degree in commerce in accounting in May 2001. Ms. Lai has also been a member of the American Institute of Certified Public Accountants since September 2004, a member of the Hong Kong Institute of Certified Public Accountants since September 2005 and an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) since March 2020. She holds dual qualifications of Chartered Secretary and Chartered Governance Professional. She was qualified as a Certified Internal Auditor of the Institute of Internal Auditors in July 2008. She is also a Chartered Global Management Accountant accredited by the American Institute of Certified Public Accountants in February 2012.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound governance policies and measures, and the Board is responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including those applicable to employees and Directors with reference to the CG Code and other applicable legal and regulatory requirements.

During the year ended 31 December 2024, the Company complied with the applicable code provisions of the CG Code, except for a deviation from code provision C.2.1 of the CG Code.

Roles of Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, the Group does not have a separate chairman and chief executive officer and Mr. Xiao currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board currently comprises three executive Directors (including Mr. Xiao), two non-executive Directors and three independent non-executive Directors, and therefore has a fairly strong independence element in its composition. The Board considers that the balance of power and authority under the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider separating the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Company as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors, senior management members, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended 31 December 2024. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management members or relevant employees of the Group during the year ended 31 December 2024.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Company, oversees the Company's strategic decisions and monitors business and performance. The Board decides all major matters of the Company, including: approval and monitoring 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 and other significant financial and operational matters. Directors may have recourse to independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

All Directors have carried out their duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Delegation by the Board

The Board has delegated the authority and responsibility for day-to-day management and operation of the Company to the senior management of the Company. The senior management team meets as frequently as necessary to formulate policies and make recommendations to the Board. The senior management team administers, enforces, interprets and supervises compliance with the internal rules and operational procedures of the Group and conducts regular reviews, recommends and advises on appropriate amendments to such rules and procedures. The senior management team reports to the Board on a regular basis and communicates with the Board whenever required.

These 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 management.

Board Composition

The Company has a Board with a balanced composition of executive and non-executive Directors (including independent non-executive Directors).

As at 31 December 2024, the Board comprised:

- ***Three executive Directors:***
  Mr. XIAO Jian *(Chairman)*, Mr. SIN Hendrick *M.H.* and Mr. FAN Yingjie

- ***Two non-executive Directors:***
  Mr. ZHANG Shengyan and Mr. JIANG Yukai

- ***Three independent non-executive Directors:***
  Ms. NG Yi Kum, Mr. TANG Liang and Mr. HO Orlando Yaukai

The Company has appointed Mr. JIANG Yukai as a non-executive Director with effect from 22 April 2024. He had obtained legal advice referred to in Rule 3.09D of the Listing Rules on 6 May 2024 and has confirmed that he understood his obligations as a Director.

To the best knowledge of the Board, there is no particular relationship (including financial, business, family or other material or relevant relationship) between members of the Board or senior management members during the year ended 31 December 2024 and up to the date of this annual report.

Since 1 January 2024 and up to the date of this annual report, the Company has complied with the requirements under:

(i) Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise; and

(ii) Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the Board.

For the year ended 31 December 2024, the Board has conducted its annual review on implementation and effectiveness of the following features or mechanisms and the Board considers that the following features or mechanisms are effective in ensuring that the Board is provided with independent views and opinions:

1. The Company currently has 3 executive Directors, 2 non-executive Directors and 3 independent non-executive Directors who are independent of each other and of senior management and have no relationship with each other.

2. The current composition of the Board comprises more than one-third independent non-executive Directors.

3. The independent non-executive Directors are required to review their independence on an annual basis.

4. All Directors have full access to advice and services of the Company Secretary and of the Company's Legal Department and may also seek advice from independent professional advisers at the Company's expense whenever deemed necessary.

Service Agreements and Appointment Letters

Each of the executive Directors has entered into a service agreement with the Company. Pursuant to these agreements, they have agreed to act as executive Directors for a term of three years with effect from the date of their appointments or renewal of the service agreements, subject always to re-election as and when required under the Articles of Association. Each of the service agreements can be terminated in accordance with the terms and conditions thereof or by either party giving to the other not less than one month's prior notice in writing.

Each of the non-executive Directors and independent non-executive Directors has entered into an appointment letter with the Company. Pursuant to these appointment letters, they have agreed to act as non-executive Directors or independent non-executive Directors for a term of three years with effect from the date of their appointments or renewal of the appointment letters, subject always to re-election as and when required under the Articles of Association. Each of the appointment letters can be terminated in accordance with the terms and conditions thereof or by either party giving to the other not less than one month' prior notice in writing.

None of the Directors has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year for Board meetings, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings.

For other Board and Board Committees meetings, reasonable notice is generally given. The agenda and accompanying board papers are despatched to the Directors or Board Committees members at least one day before such meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committees members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

The matters considered by the Board and the Board Committees and the decisions reached are recorded in sufficient details in the minutes of the Board meetings and Board Committees. Such details include, but are not limited to, any concerns raised by the Directors. The draft minutes of each Board meeting and Board Committees meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

During the year ended 31 December 2024, the Board convened eleven Board meetings. The table below sets forth the attendance records of the Directors at the Board meetings:

Name of Director	Board meetings attended/ Eligible to attend
EXECUTIVE DIRECTORS	
Mr. XIAO Jian	11/11
Mr. SIN Hendrick *M.H.*	11/11
Mr. FAN Yingjie	11/11
NON-EXECUTIVE DIRECTORS	
Mr. ZHANG Shengyan	11/11
Mr. JIANG Yukai (appointed with effect from 22 April 2024)	8/8
INDEPENDENT NON-EXECUTIVE DIRECTORS	
Ms. NG Yi Kum	11/11
Mr. TANG Liang	10/11
Mr. HO Orlando Yaukai	10/11

BOARD COMMITTEES

To oversee particular aspects of the Company's affairs, the Board has established four committees, each of which has been delegated responsibilities and reports back to the Board. These four Board Committees are Audit Committee, Nomination Committee, Remuneration Committee, and Corporate Governance Committee. The roles and functions of these committees are set out in their respective terms of reference. The terms of reference of each of these Board Committees will be revised from time to time to ensure that they continue to meet the needs of the Company and to ensure compliance with the CG Code. The terms of reference of the Board Committees are available on the Company's website **www.cmge.com** and the Stock Exchange's website **www.hkexnews.hk**.

Audit Committee

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules, which consisted of three members as at 31 December 2024, namely Ms. NG Yi Kum, Mr. TANG Liang and Mr. HO Orlando Yaukai, all of whom are independent non-executive Directors. Ms. NG Yi Kum is the chairlady of the Audit Committee. None of the members of the Audit Committee served as a partner or former partner in the Company's external auditor, BDO Limited.

The primary duties of the Audit Committee include (i) making recommendations to the Board on the appointment, reappointment and removal of the external Auditor; (ii) reviewing the Company's financial information (including interim results and annual results); and (iii) overseeing the Company's financial reporting system, risk management and internal control systems. For details, please refer to the terms of reference of the Audit Committee on the websites of the Stock Exchange and the Company.

The Audit Committee held three meetings during the year ended 31 December 2024. The attendance records of the members of the Audit Committee are set out below:

Name of Members	Meetings attended/ Eligible to attend
Ms. NG Yi Kum (Chairlady)	3/3
Mr. TANG Liang	2/3
Mr. HO Orlando Yaukai	3/3

Remuneration Committee

The Company has established a Remuneration Committee in compliance with Rule 3.25 of the Listing Rules, which consisted of three members as at 31 December 2024, namely Mr. SIN Hendrick *M.H.*, an executive Director, Ms. NG Yi Kum and Mr. HO Orlando Yaukai, both of whom are independent non-executive Directors. Mr. HO Orlando Yaukai is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include (i) making recommendations to the Board on the Company's policies and structures for all Directors' and senior management personnel's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iii) review and/or approve matters relating to share option schemes under Chapter 17 of the Listing Rules. For details, please refer to the terms of reference of the Remuneration Committee on the websites of the Stock Exchange and the Company.

The Remuneration Committee has made a recommendation to the Board on the remuneration of Mr. JIANG Yukai (as the new non-executive Director with effect from 22 April 2024) and has approved the grant of 80,000,000 share options to the Eligible Persons on 24 April 2024 pursuant to the Post-IPO Share Option Scheme.

Details of the remuneration of the members of the Board for the year ended 31 December 2024 are set out in note 9 to the consolidated financial statements in this annual report.

The Remuneration Committee held three meetings during the year ended 31 December 2024. The attendance records of the members of the Remuneration Committee are set out below:

Name of Members	Meetings attended/ Eligible to attend
Mr. HO Orlando Yaukai (Chairman)	3/3
Mr. SIN Hendrick *M.H.*	3/3
Ms. NG Yi Kum	3/3

The remuneration of the senior management members of the Company by band during the year ended 31 December 2024 are set out below:

Remuneration Band	Number of individuals
Nil to HK$3,500,000	6
HK$3,500,001 to HK$7,000,000	—

Nomination Committee

The Company has established a Nomination Committee, which consisted of three members as at 31 December 2024, namely Mr. XIAO Jian, an executive Director, and Mr. TANG Liang and Mr. HO Orlando Yaukai, both of whom are independent non-executive Directors. Mr. XIAO Jian is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include (i) reviewing the structure, size, composition (including skills, knowledge and expertise) and diversity (including but not limited to gender, age, cultural and educational background, race, skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; and (ii) identifying individuals who are qualified or suitable to become a member of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships. For details, please refer to the terms of reference of the Nomination Committee on the websites of the Stock Exchange and the Company.

The Nomination Committee has made a recommendation of the appointment of Mr. JIANG Yukai as a non-executive Director to the Board after taking into account the nomination policy and the objective criteria, with due regard for the benefits of diversity as set out under the board diversity policy of the Company.

The Nomination Committee held two meetings during the year ended 31 December 2024. The attendance records of the members of the Nomination Committee are set out below:

Name of Members	Meetings attended/ Eligible to attend
Mr. XIAO Jian (Chairman)	2/2
Mr. TANG Liang	2/2
Mr. HO Orlando Yaukai	2/2

Note:

(1) Ms. NG Yi Kum was appointed as a new member of the Nomination Committee with effect from 27 March 2025.

Corporate Governance Committee

The Company has established a Corporate Governance Committee, which consisted of three members as at 31 December 2024, namely Mr. SIN Hendrick *M.H.*, an executive Director, and Ms. NG Yi Kum and Mr. HO Orlando Yaukai, both of whom are independent non-executive Directors. Ms. NG Yi Kum is the chairlady of the Corporate Governance Committee.

The primary duties of the Corporate Governance Committee include (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; and (ii) reviewing and monitoring the training and continuous professional development of the Company's Directors and senior management personnel. For details, please refer to the terms of reference of the Corporate Governance Committee on the websites of the Stock Exchange and the Company.

The Corporate Governance Committee held one meeting during the year ended 31 December 2024. The attendance records of the members of the Corporate Governance Committee are set out below:

Name of Members	Meetings attended/ Eligible to attend
Ms. NG Yi Kum (Chairlady)	1/1
Mr. SIN Hendrick *M.H.*	1/1
Mr. HO Orlando Yaukai	1/1

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board and see increasing diversity at the Board level as an essential element in maintaining its competitive advantage. The Nomination Committee is responsible for monitoring the implementation of the board diversity policy of the Company, and shall review and amend this diversity policy, as appropriate, to ensure its effectiveness.

When reviewing the size and composition of the Board and searching for and recommending candidates to act as the Directors, the Nomination Committee shall, taking into account the business model and specific needs of the Company, consider the diversity of the Board in various aspects, including but not limited to, gender, age, cultural and educational background, ethnicity, professional qualifications, skills, knowledge, length of service in the Group and industrial and regional experience. The final appointment recommendation shall be made to the Board by the Nomination Committee based on the value that the selected candidates will bring to the Board after taking into account the relevant aspects mentioned above.

As at 31 December 2024, there is one female member on the Board. The gender composition of the Group's employees as at 31 December 2024 is set out in the Environmental, Social and Governance Report. As at 31 December 2024, approximately 33% of the Group's employees are female and two of the five senior management of the Company are female. As the Group already has a relatively high proportion of females in the industry, the Company plans to maintain the same level of female representation and will review such proportion on a regular basis.

DIRECTOR NOMINATION POLICY

Appointment of Directors

In accordance with article 16.2 of the Articles of Association, the Board shall have the 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 following general meeting of the Company and shall then be eligible for re-election at that meeting. Any Director required to stand for re-election pursuant to article 16.2 of the Articles of Association shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he or she 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 offices by electing a like number of persons to be Directors.

The procedures and processes of appointment, re-election and removal of Directors are set out in the Articles of Association. Whilst the overall responsibility for the selection and appointment of directors rests with the Board, the Board has delegated general responsibilities and authority to the Nomination Committee to identify, screen and recommend to the Board appropriate candidates to serve as directors of the Company, to oversee the process for evaluating the performance of the Board, and to develop and recommend to the Board nomination guidelines which shall be consistent with any applicable laws, regulations and listing standards.

In evaluating and selecting candidates for directorship, the Board will consider factors including (i) the structure, size, composition (including skills, knowledge and expertise) and diversity (including but not limited to gender, age, cultural and educational background, race, skills, knowledge and experience) of the Board; (ii) the requirement of the Board to have independent directors in accordance with the Listing Rules; and (iii) the candidate's willingness and ability to devote adequate time to discharge duties as a member of the Board.

The Nomination Committee and/or the Board will evaluate candidates based on the criteria as set out above, rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable) and then recommend to the Board the appointment of the appropriate candidate for a directorship, as applicable. For any person that is nominated by a Shareholder for election as a director at the general meeting of the Company, the Nomination Committee and the Board will evaluate such candidate based on the criteria as set out above and where appropriate, make recommendation to Shareholders in respect of the proposed election of director at the general meeting.

Re-election of Directors

In accordance with article 16.18 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.

For the re-election of a director at general meeting, the Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and their level of participation and performance on the Board, and then make recommendations to Shareholders in respect of the proposed re-election of such Director at the general meeting.

The four Directors who will retire by rotation are Mr. XIAO Jian, Mr. SIN Hendrick *M.H.* and Mr. FAN Yingjie, each of whom as executive Director and Mr. ZHANG Shengyan as non-executive Director. All retiring Directors, being eligible, will offer themselves for re-election at the Company's forthcoming annual general meeting.

Details of the Directors to be re-elected at the Company's forthcoming annual general meeting will be set out in the circular to the Shareholders to be published and despatched in due course.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Company acknowledges the importance of Directors participating in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. To this end, the Company provides the Directors with necessary information to ensure that he or she has a proper understanding of the Group's operations and businesses as well as his or her responsibilities under the relevant laws and regulations. The newly appointed Directors were also provided with a detailed induction to the Group's businesses by senior management.

The Directors are encouraged to participate in continuous professional development presented by professional institutions.

The training received by the Directors during the year ended 31 December 2024 is summarised below:

	Training Areas		
Name of Director	**Corporate Governance**	**Legal and Regulatory**	**Businesses/ Directors' Duties**
EXECUTIVE DIRECTORS			
Mr. XIAO Jian	✓	✓	✓
Mr. SIN Hendrick *M.H.*	✓	✓	✓
Mr. FAN Yingjie	✓	✓	✓
NON-EXECUTIVE DIRECTORS			
Mr. ZHANG Shengyan	✓	✓	✓
Mr. JIANG Yukai[(1)]	✓	✓	✓
INDEPENDENT NON-EXECUTIVE DIRECTORS			
Ms. NG Yi Kum	✓	✓	✓
Mr. TANG Liang	✓	✓	✓
Mr. HO Orlando Yaukai	✓	✓	✓

Note:

(1) Appointed with effect from 22 April 2024.

DIVIDEND POLICY

Subject to the requirements of the Articles of Association, Cayman Islands law and other applicable laws and regulation, the Board has absolute discretion to recommend any dividend. The determination to pay dividends will be made at the discretion of the Board and will depend upon the Group's earnings and financial condition, operating requirements, capital and investment requirements, level of indebtedness and any other factors that the Board may deem relevant. The Company will continue to re-evaluate its dividend policy in light of its financial condition and the prevailing economic environment.

The dividends, interests and bonuses and any other benefits and advantages in the nature of income receivable in respect of the Company's investments, and any commissions, trusteeship, agency, transfer and other fees and current receipts of the Company shall, subject to the payment thereof of the expenses of management, interest upon borrowed money and other expenses which in the opinion of the Board are of a revenue nature, constitute the profits of the Company available for distribution.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the exclusive benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof or be required to account for any money earned thereon. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall be reverted to the Company and after such forfeiture no member or other person shall have any right to or claim in respect of such unclaimed dividends or bonuses.

For the avoidance of doubt, no assurance is given or implied that dividends will be paid in any particular amount (or at all) for any given period notwithstanding the adoption of this policy. If the Board decides to recommend, declare or pay dividends, the form, frequency and amount will depend upon the situation and applicable factors at the relevant time. The Board will review the dividend policy as appropriate from time to time.

FINANCIAL REPORTING

Directors' Responsibility

The Directors are responsible for overseeing the preparation of the Company's financial statements for the year ended 31 December 2024 which give a true and fair view of the state of affairs of the Group's results and cash flow.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The management has provided to the Board such explanations and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with updates on the Group's performance, positions and prospects from time to time.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as at 31 December 2024. Accordingly, the Directors have confirmed that the financial statements for the year ended 31 December 2024 be prepared on a going concern basis.

Auditor's Responsibility

A statement from the Auditor about its reporting responsibilities on the audited consolidated financial statements is set out on pages 126 and 127 of this annual report.

Auditor's Remuneration

The table below sets forth the remuneration for the audit and non-audit services provided by the Auditor for the year ended 31 December 2024:

Type of Services	Amount (RMB'000)
Audit services	4,700
Non-audit services	1,400
Total	6,100

Note:

(1) Non-audit services were mainly rendered for the review of interim financial information.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has adopted and implemented a robust risk management and internal control system for its business operations, including (i) financial reporting; (ii) information risk management; (iii) legal compliance; (iv) intellectual property rights management; and (v) human resources management. The Board is responsible for maintaining a sound and effective risk management and internal control system in order to safeguard the Group's assets and Shareholders' interests, and is also responsible for reviewing the effectiveness of the Group's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. The Group's internal control and risk management systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable rather than absolute assurance against material misstatement or loss.

The Company also has an internal audit function, which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's and its subsidiaries' risk management and internal control system, and reports their findings to the Board on, at least, an annual basis. The Company implements and strictly enforces procedures on inside information according to the relevant procedures stated under the "*Guidelines on Disclosure of Inside Information*" promulgated by the SFC in June 2012.

The Group's internal control system includes a well-established organisational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis so as to identify, evaluate and manage significant risks in a timely manner.

The Board has conducted an annual review of the effectiveness of the internal control and risk management systems of the Group for the year ended 31 December 2024 to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions. In particular, the Board considered the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions to be adequate. The review was conducted through discussions with the management of the Company, its external and internal auditors and the assessment performed by the Audit Committee. The Board also made reference to the results of the agreed-upon procedures in connection with the internal control of the Company performed by the internal control consultant engaged by the Company in preparation for the Listing, and these procedures did not identify any material internal control deficiencies of the Group.

The Board believes that the existing risk management and internal control systems are adequate and effective, in particular, for financial reporting and Listing Rules compliance as well as for resolving internal control defects (if any).

COMPANY SECRETARY

Ms. LAI Yau Yan Gladys is the company secretary of the Company. For the year ended 31 December 2024, Ms. Lai has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training to update her skills and knowledge. Her biographical detail is set out under the section headed "Biographies of Directors and Senior Management" in this annual report.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of an Extraordinary General Meeting and Putting Forward Proposals

According to the Articles of Association, general meetings shall be convened on the written requisition of any one or more members 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 carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting 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 provided that 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 Board shall be reimbursed to them by the Company.

Procedures for Shareholders to Propose a Person for Election as a Director of the Company

Shareholders may propose a person for election as a director of the Company. The relevant procedures are available for viewing on the Company's website at **www.cmge.com**.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

Shareholders' Enquiries and Proposals

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Company's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable the Shareholders and investors to make the informed investment decisions.

Enquiries from the Shareholders for the Board or the Company, or proposals from the Shareholders for consideration at Shareholders' meetings, may be directed to the Company's investor relations team:

By post:	13th Floor, 8 Wyndham Street, Central, Hong Kong
By fax:	(852) 2763 4168
By email:	serenashen@cmge.com

The enquiries and proposals received by the Company are handled on a case-by-case basis after due consideration by the investors relations team, relevant management and the Board, as appropriate.

Changes to the contact details above will be communicated through the Company's website at **www.cmge.com**, which also contains information and updates on the Group's business developments and operations, as well as press releases and financial information.

Shareholders can also direct their enquiries about their shareholdings to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, whose address is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Shareholder Meetings

The annual general meeting of the Company provides opportunities for the Shareholders to communicate directly with the Directors. The chairman of the Board and the chairmen of the Board Committees will attend annual general meetings to answer Shareholders' questions. The Auditor will also attend annual general meetings to answer questions about the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies and auditor independence.

During the year ended 31 December 2024, the Company convened one general meeting, being the annual general meeting held on 27 May 2024. Save for Mr. TANG Liang and Mr. HO Orlando Yaukai being absent due to other business commitments, all other Directors attended the general meeting.

The Company encourages the Shareholders to attend annual general meetings and other general meetings so the Shareholders can communicate with the Board, and exercise their right to vote.

Shareholders' Communication Policy

To promote effective communication with the Shareholders, the Company has adopted a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders. The Board maintains an on-going dialogue with the Shareholders and the investment community pursuant to the policy through various channels, including the financial reports and other publications of the Company available at the Stock Exchange's website, annual general meetings and other general meetings that may be convened by the Company. The Company maintains a website at **www.cmge.com**, where up-to-date information on the Company's business operations, developments, financial information, corporate governance practices and other information are available for public access. Shareholders and the investment community are also able to make any query with respect to the Company via the designated contacts set out in the Company's website.

The Board reviews the effectiveness of the above channels of communication between the Company and its shareholders on a regular basis. As there is no issue on such communication channels, the Board is satisfied with the implementation and effectiveness of the Company's activities in communicating with shareholders and investors during the reporting period.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company's Articles of Association were amended and adopted by a special resolution passed on 27 May 2024, and are available for viewing on the websites of the Company and the Stock Exchange. Save as disclosed above, there have been no other changes in the Company's Articles of Association for the year ended 31 December 2024.

ABOUT THE REPORT

The Report Introduction

CMGE Technology Group Limited (the "Company", together with its subsidiaries, the "Group" or "we" or "us" or "our") is pleased to present its environmental, social and governance report (the "Report") for the financial year ended 31 December 2024 (the "Year" or "2024"). The Report illustrates our commitments and strategies on corporate social responsibility, and summarises the measures, plans and performance for environmental, social and governance ("ESG") in its sustainable development.

Reporting Scope and Reporting Period

The reporting scope is determined based on the Group's effect on ESG. The scope of the Report covers the locations of the Group's main operating entities in the People's Republic of China (the "PRC"), including Hong Kong, Shenzhen, Beijing, Shanghai, Guangzhou, Hainan and Chengdu. The Group will conduct on-going assessment on the effect of various businesses on the ESG and will broaden the scope of disclosures when appropriate.

Preparation Basis of the Report

The Report was prepared in accordance with the Environmental, Social and Governance Reporting Code (the "Reporting Code") set out in Appendix C2 to the Listing Rules on the Stock Exchange. The Report has complied with all the compulsory disclosure requirements and "comply or explain" provisions, as well as the principles of materiality, quantitative, balance and consistency. The Group has adopted the emission factors and relevant international standards set out in the Reporting Code documents issued by the Stock Exchange in preparing the Report in the same manner as in the previous year. For details on the application of materiality reporting principles, please refer to the section headed "Materiality Assessment" in the Report.

Contact Us

The Group values the opinions of the readers of the Report. If you have any questions or suggestions about the Report, you are welcome to give your feedback to the Group's investor relations team:

By post: 13th Floor, 8 Wyndham Street, Central, Hong Kong

By fax: (852) 2763 4168

By email: serenashen@cmge.com

Source of Information and Reliability Statement

The information disclosed in the Report is sourced from the internal documents of the Group, statistical reports or relevant public information. The Group has confirmed that there are no false representations, misleading statements or material omissions in the Report, and is responsible for the truthfulness, accuracy and completeness of its contents.

Confirmation and Approval

The Group's management team has confirmed to the Board that as of 31 December 2024, the Group's risks management and internal monitoring system concerning the ESG was effective.

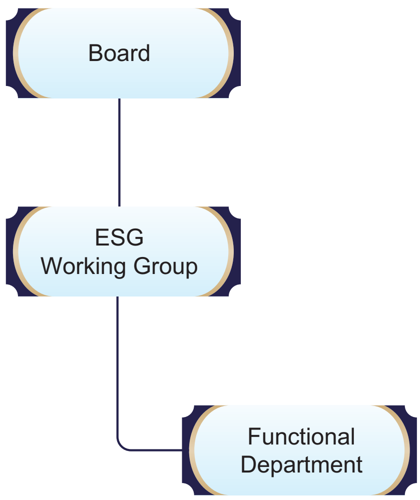
The Report was approved at the Board meeting held on 27 March 2025 at 13th Floor, 8 Wyndham Street, Central, Hong Kong. The Report is available in both English and Chinese versions. If there is any inconsistency between the Chinese and English versions of the Report, the Chinese version shall prevail. The electronic version of the Report is available on the websites of the Stock Exchange **www.hkexnews.hk** and the Company **www.cmge.com**.

ESG MANAGEMENT

Statement of the Board

As a responsible corporation, the Group adheres to the concept of sustainable development, actively fulfils its corporate social responsibility, incorporates environmental protection and environmental management into its business decisions, and is committed to building a healthy and harmonious online and offline ecosystem by actively investing in its internet platform and carrying out charitable activities. The Group has established a clear ESG regulatory framework, covering the Board, the ESG working group (the "ESG Working Group") and relevant functional departments, and integrated ESG-related responsibilities into the corporate strategy, risk management and business operation. In addition, the Group has been committed to maintaining close connections with different stakeholders, listening to the voices of game players, caring for and growing with its employees, and taking on more social responsibilities.

ESG Structure



Board Supervision

The Board has ultimate responsibility for the management of ESG and climate-related risks of the Group, and is responsible for formulating ESG and sustainability strategies, and ensuring that ESG and climate-related risks and opportunities are integrated into the overall governance and business decision-making processes of the Group. Its main responsibilities include overseeing ESG and climate risk management to ensure that it is in line with the Group's long-term development goals; approving ESG goals and strategies, and regularly evaluating ESG progress and the key performance indicators (the "KPIs"); conducting at least one enterprise-wide risk assessment annually to identify, monitor and manage ESG and climate change risks to ensure that ESG and climate-related risks are managed in tandem with business risks; regularly reviewing ESG and climate risk management frameworks to ensure compliance with local and international standards, and monitoring the impact of ESG and climate-related risks on the Group's financial position, business operations and supply chain management; ensuring that ESG and climate risk management is closely integrated with corporate financial planning to enhance the sustainable competitiveness of the Group. In addition, the Board is responsible for formulating and supervising ESG related policies, including carbon reduction targets, energy management, climate adaptation strategies and environmental compliance requirements, and ensuring that the Group effectively addresses the challenges of climate change and complies with regulatory requirements; supervising the implementation of ESG goals and monitoring mechanisms and regularly reviewing ESG and climate-related risks response options to ensure that the implementation of ESG goals is in line with the direction of the strategic development of the Group.

ESG Working Group

The ESG Working Group is responsible for implementing the ESG strategies developed by the Board, promoting the implementation of ESG-related policies and measures in daily operations, and ensuring that ESG risks and opportunities are effectively managed. Its main responsibilities include assisting the Board in identifying major risks and opportunities for ESG and climate change, formulating response plans and monitoring the implementation of ESG goals; regularly reporting ESG progress and KPIs to the Board to ensure that ESG risks are managed in tandem with the Group's operational risks; establishing ESG risk monitoring and data management mechanisms, including carbon emission reporting, energy use monitoring, waste disposal and supply chain sustainability assessments to ensure the transparency and measurability of ESG goals; overseeing the implementation of ESG-related policies across functional departments, and submitting ESG risk management reports and improvement plans to the Board to ensure the ESG strategies are in line with the Group's development direction. In addition, the ESG Working Group is responsible for the communications with external and internal stakeholders, ensuring that the ESG goals coordinate with the overall development strategies of the Group and cooperating with the internal functional departments to ensure that ESG risk management mechanism are effectively implemented and continuously improved; keeping close contact with external stakeholders (such as investors, regulatory authorities, suppliers and business partners) to ensure the transparency and disclosure of ESG risk information; preparing annual ESG report to ensure ESG and climate-related disclosures meet international standards, improving the transparency of ESG governance of the Group while ensuring that the implementation of ESG goals is in line with regulatory requirements and long-term development strategies of the Group.

Functional Departments

Various functional departments of the Group are responsible for the implementation of ESG policies and measures to ensure that the ESG goals can be effectively implemented in daily operations of the Group and are directly accountable for achieving ESG goals. The core duties of various departments cover environmental management, talent development, supply chain management and corporate social responsibility to ensure that ESG risk management keeps in line with operational strategies of the Group.

Environmental management and sustainable development

- Supervising the management of carbon emissions, the improvement of energy efficiency and disposal of wastes to ensure that ESG goals are closely integrated into business operations;

- Responsible for supervising corporate environmental compliance to ensure that ESG risk management complies with regulatory requirements.

Human resources and corporate culture

- Promoting diversity of employees, vocational development and ESG training to ensure that ESG goals keep in line with corporate talent management strategies;

- Supervising employee health and safety policies to ensure that ESG goals cover vocational health and safety management.

Supply chain management and corporate social responsibility

- Supervising ESG compliance of suppliers to ensure the application of ESG principles throughout supply chain management;

- Responsible for corporate social responsibility and community investment to ensure that ESG goals aligned with the corporate social influence.

In addition, various departments are required to submit ESG performance reports to the ESG Working Group regularly to ensure the effectiveness and measurability of ESG risk management and report to the ESG Working Group on ESG matters when necessary.

Stakeholder Identification and Communication

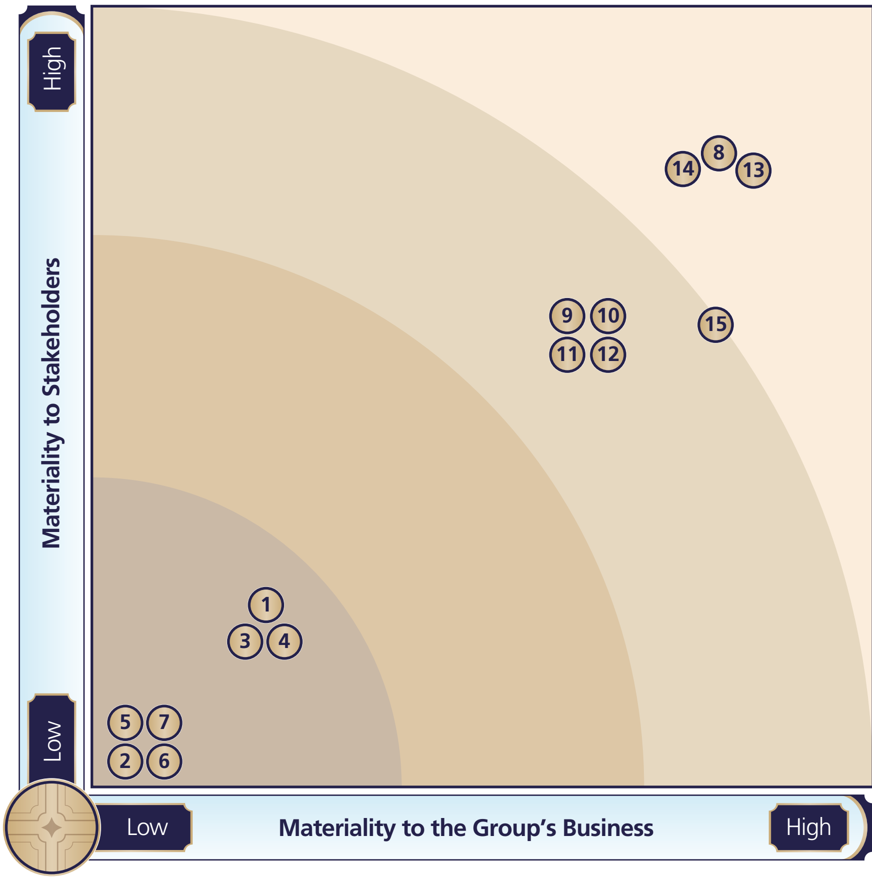
In the course of its operation, the Group attaches great importance on the major issues that the stakeholders are concerned about. The Group understands the expectations and needs of its stakeholders through comprehensive and transparent communication, and continue to improve the Group's sustainable development strategies and plans based on the opinions of its stakeholders, so as to consolidate mutual trust and cooperative relationships, jointly realise its sustainable development plans, and create a future of sustainable economic growth, friendly environment and social development.

MAJOR ISSUES CONCERNING STAKEHOLDERS AND CORRESPONDING MEASURES

STAKEHOLDERS	KEY MATTERS OF CONCERN	COMMUNICATION CHANNELS
Shareholders and investors	• Business strategies • Investment return • Corporate image • Compliance operations	• General meetings • Announcements of the Company • Company's website
Government and regulatory authorities	• Compliance operations • Tax payment according to law • Information disclosure and reporting materials	• Announcements of the Company • Company's website
Industry associations	• Compliance operations	• Visits • Meetings • Seminars • Exchange activities
Suppliers and business partners	• Compliance operations • Quality of products and service	• Agreements • Tenders • Review and evaluation
Employees	• Remuneration and benefits • Working environment and safety • Diversification and equal opportunities • Training and room for career development	• Forums • Staff training • Group activities for employees • Staff satisfaction survey • Monthly magazine of the Company
Game players	• Product quality • Personal privacy protection	• Company's website • Online customer services • User service agreement • Online and offline promotion activities
Community	• Community development • Community services • Employment opportunities • Ecological environment	• Community activities • Volunteer activities • Media enquiries • Promotion activities • Community communication meetings • Press releases and announcements

MATERIALITY ASSESSMENT

In order to ensure that the Report has comprehensively covered and responded to the key matters of concern to stakeholders, in addition to regular communication with stakeholders, the Group has made reference to certain information such as the matters covered in the ESG report of the previous year, internal policies of the Group, industry trends and the Materiality Map introduced by the Sustainability Accounting Standards Board, to identify issues that have potential and practical impact on the sustainable development of the Group. The Group has analysed and prioritised the ESG issues based on certain factors such as its strategies, development and objectives. During the Year, there were no significant changes in the stakeholders or operating conditions of the Group. Therefore, the Group confirms that the materiality matrix results from the ESG Report of the previous year remain applicable for 2024 and will continuously respond to the expectations of stakeholders. The materiality matrix and prioritisation of the Group's material ESG issues are as follows:



ESG ISSUES

1 Exhaust gas and greenhouse gas emissions
2 Hazardous waste
3 Non-hazardous waste
4 Energy consumption
5 Water consumption
6 Environment and natural resources
7 Summary of climate-related risks and opportunities
8 Employment
9 Health and safety
10 Development and training
11 Labour standards
12 Supply chain management
13 Product responsibility
14 Anti-corruption
15 Community investment

ENVIRONMENT

Emissions

As a game publisher and developer, the Group's business nature does not have a significant impact on the environment. We have been transmitting to our employees the importance of protecting our environment on a regular basis and have been taking it as the priority task in achieving sustainable development. To this end, the Group has established Energy Conservation and Reduced Consumption Management System (《節能降耗管理制度》) and Employee Handbook (《員工手冊》), and has incorporated the concept of sustainable development into its daily management to enhance the environmental awareness of the employees of the Group. The Group strictly abides by relevant laws and regulations on environmental protection, including but not limited to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law on the Air Pollution Prevention and Control of the PRC (《中華人民共和國大氣污染防治法》), the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》), the Solid Waste Pollution Prevention and Control Law of the PRC (《中華人民共和國固體廢物污染環境防治法》) and the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》).

Exhaust gas emissions

The Group's ordinary course of business does not involve significant gaseous fuel consumption emissions. The most significant source of gas emissions of the Group is from vehicles owned by the Group. The Group's performance of exhaust gas emissions, during the Year was summarised as follows:

MAJOR TYPES OF EXHAUST GAS EMISSIONS[1]	UNIT	2024 VOLUME	2023 VOLUME
Nitrogen oxides (NO_x)	kg	**37.82**	40.65
Sulphur oxides (SO_x)	kg	**0.10**	0.11
Particulate matter (PM)	kg	**3.62**	3.90

During the Year, the Group has actively promoted the management of vehicle use to reduce the environmental impact, and our exhaust gas emissions were basically the same as last year. Looking ahead, we will make continuous efforts to reduce exhaust gas emissions and further improve environmental performance, so as to promote sustainable development and make greater contributions to society and the environment. For details of vehicle management measures, please refer to the section headed "Measures to mitigate emissions" in the Report. Looking into the future, the Group targets to gradually taper off the use of company vehicles in the next year and strengthen the utilisation of instant online communication tools for business negotiations, further reducing the exhaust gas emissions.

1 Exhaust gas emissions is calculated based on the "How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange; the vehicle fuel consumption of the Group is calculated on the basis of a vehicle fuel consumption of 16 litres/100 km.

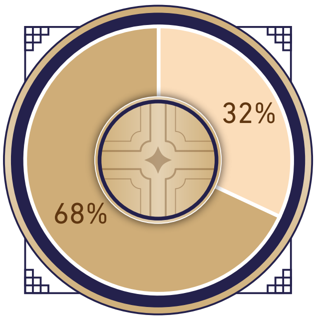
Greenhouse gas emissions

The greenhouse gas (the "GHG") emissions of the Group mainly come from three aspects: fuels consumed by vehicles (Scope 1), purchased electricity (Scope 2) and Category 5 (waste generated in operations) and Category 6 (business travel) under the "GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)" (《溫室氣體核算體系:企業價值鏈 (範圍3) 核算與報告標準 (2011年)》). The performance of GHG emissions during the Year is summarised as follows:

MAJOR TYPES OF GHG EMISSIONS	SOURCE OF EMISSION FACTORS	UNIT	2024 VOLUME	2023 VOLUME
Direct GHG Emissions - Scope 1				
Vehicle fuel - gasoline	• "How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange	Tonnes of carbon dioxide equivalent	**18.24**	19.60
Energy Indirect GHG Emissions -Scope 2				
Purchased electricity	• The grid emission factors included in "Notice on the Report and Verification of GHG Emissions of Enterprises in Certain Key Sectors for 2023 to 2025" (《關於做好2023-2025年部分重點行業企業溫室氣體排放報告與核查工作的通知》) issued by the Ministry of Ecology and Environment of the PRC (中國生態環境部) • The "Sustainability Report 2023" published by the HK Electric Investments Limited	Tonnes of carbon dioxide equivalent	**679.07**	685.63
Other Energy Indirect GHG Emissions - Scope 3[2]				
Category 5: waste generated in operations	• Please refer to "Scope 3 Reporting boundary"	Tonnes of carbon dioxide equivalent	**144.15**	8.30
Category 6: business travel		Tonnes of carbon dioxide equivalent	**310.08**	160.59
Total emissions		Tonnes of carbon dioxide equivalent	**1,151.54**	874.12
Total emissions intensity		Tonnes of carbon dioxide equivalent/m^2 [2 3]	**0.11**	0.06

2 The Group has updated its disclosure methods this Year to comply with Part D of the newly revised Stock Exchange Reporting Code: Climate-related Disclosure Requirements, and the data disclosed in 2023 remains applicable.

3 The total floor area of the Group's office is 10,368.92 m^2 (2023:13,831.85 m^2). The data would also be used for calculating other intensity data.



Scope 3 Reporting boundary

SCOPE 3 CATEGORY	RELATIONSHIPS WITH THE GROUP	CALCULATION AND EMISSION FACTORS
Category 5: waste generated in operations		
Emissions from the disposal and treatment of waste generated.	Among the waste produced, the most significant sources of emission are identified as wastepaper, recycled paper and domestic waste.	• Assessed using waste-type-specific method. • It is calculated by multiplying the amount of wastepaper, recycled paper and domestic waste produced by the Group by the corresponding emission factor, taking into account the method of disposal. • The source of emission factors: "How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange, the 2023 UK Government GHG Conversion Factors for Company Reporting (2023年英國政府供公司申報使用的溫室氣體轉換系數) and the "Carbon Audit Toolkit for Small and Medium Enterprises in Hong Kong" published by the University of Hong Kong and City University of Hong Kong.
Category 6: business travel		
Emissions from the transportation of employees for business related activities.	The most significant sources of emission are identified as air travel and high-speed train travel.	• Assessed using distance-based method. • The air travel emission is calculated by multiplying the distance travelled by specific flight class by the corresponding emission factor, and the high-speed train travel emission is calculated by multiplying the railway type, distance and number of passenger by the corresponding emission factor. • The source of emission factors: ICAO Carbon Emissions Calculator of International Civil Aviation Organisation ("ICAO") and GHG Emissions from Transport or Mobile Sources Tool under GHG Protocol.

Our approach

Our approach	
Standards	• The "GHG Protocol: A Corporate Accounting and Reporting Standard (2004)" (《溫室氣體核算體系:企業核算與報告標準(2004年)》) issued by the World Resources Institute and the World Business Council for Sustainable Development • The "Global Warming Potential Values" from the Sixth Assessment Report issued by the Intergovernmental Panel on Climate Change • "How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange
Measurement method	Using operational control, as operational information is accessible
Operational boundary	One office located in Central, Hong Kong and eight operating locations in Mainland China, including Shenzhen, Beijing, Shanghai, Guangzhou, Hainan and Chengdu

GHG emissions targets

The GHG emissions intensity of the Group for the Year increased significantly as compared to 2023. The emissions of Scope 1 showed a downward trend, which was mainly because the demand for vehicles decreased as part of the Group's business negotiations were changed to be conducted through instant online communication tools, resulting in a decrease in Scope 1 emissions. The emissions of Scope 2 remained basically the same, while the emissions of Scope 3 increased significantly. This was mainly because the Group commenced to disclose the data of Category 5 (waste generated in operations) and Category 6 (business travel) under the "GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)" during the Year, which resulted in the significant increase in Scope 3 and the entire GHG emissions intensity thus failing to meet the targets set last year.

In order to comply with the Part D: Climate-related Disclosure Requirements under the Reporting Code updated by the Stock Exchange on 1 January 2025, the Group has reset the GHG emissions targets, taking into account the Corporate Near-Term Criteria of Science Based Targets Initiative ("SBTi"), details of which are set out below:

	TARGET INFORMATION	TARGET SETTING		
TARGET SETTING	By 2028, the short-term target is reducing Scope 1 and Scope 2 GHG emissions by approximately 33.60% compared to 2023, the benchmark year.		**Scope 1 and 2: GHG emissions (Tonnes of carbon dioxide equivalent)**	**Decrease compared to the benchmark year (%)**
TYPE OF TARGET (ABSOLUTE/ INTENSITY)	Absolute	**Total emissions – benchmark year (2023)**	705.23	/
AIM OF TARGET	In line with the Corporate Near-Term Criteria of SBTi, and reducing the GHG emissions produced by the Group's own business.	**Total emissions – target (2028)**	468.27	▼33.60%
PROGRESS MONITORING	The Board reviews the target and performance of Scope 1 and Scope 2 GHG emissions and evaluates whether any revisions are needed.			
TARGET SCPOE	Covering all business of the Group.			

CURRENT PROGRESSES		
	Scope 1 and 2: GHG emissions (Tonnes of carbon dioxide equivalent)	**Decrease compared to the benchmark year (%)**
2023	705.23	/
2024	697.31	▼1.12%

Measures to mitigate emissions

In order to effectively reduce the emissions generated by the Group, the Group has adopted several measures for the management of vehicles, such as the reasonable use of vehicles by employees, prohibition of the use of the Group's vehicles for personal reasons and strict approval for long-distance travel arrangements to reduce unnecessary travel. The Group's vehicles are examined and maintained on a weekly basis to enhance fuel efficiency.

Hazardous waste

In light of the Group's business nature, the Group does not produce any material hazardous waste in its ordinary course of business, and therefore no relevant targets have been set.

Non-hazardous waste

The non-hazardous waste of the Group mainly comes from its office paper and daily waste, such as office supplies, plastics and epidemic prevention supplies like masks. The performance of the Group's non-hazardous waste discharged during the Year was summarised as follows:

MAJOR TYPES OF NON-HAZARDOUS WASTE	UNIT	2024 VOLUME	2023 VOLUME
Paper	Tonnes	**1.48**	1.73
Daily waste	Tonnes	**91.35**	88.20
Total non-hazardous waste	Tonnes	**92.83**	89.93
Total non-hazardous waste intensity	Tonnes/m^2	**0.01**	0.01

During the Year, papers recycled by the Group amount to approximately 105 kg[4] (2023: 105.00 kg). The Group has reached the target established last year with the total non-hazardous waste intensity for the Year being basically the same as that in 2023. Looking ahead, using 2024 as the benchmark year, the Group plans to maintain or reduce the total non-hazardous waste intensity in the next year, so as to continuously promote the sustainable development goal.

Measures to reduce waste generation

The Group actively promotes green office practices, and adheres to the four "Rs" principle of environmental protection (Reduce, Reuse, Recycle, Replace) in its daily operation, aiming to minimise the generation of waste and maximise the efficient use of resources.

In terms of paper consumption, the Group promotes a paperless office, measures adopted included but not limited to the following:

- Double-sided printing is set for printers by default; employees are required to use double-sided photocopying and reuse single-sided paper for draft photocopying that without confidential information;
- Employees are encouraged to use online communication;
- Waste paper recycling bins are set up to separate waste paper for recycling; and
- Publications and information are released in digital version, such as the Group's annual and interim reports.

4 The amount of paper is estimated.

Use of Resources

The Group strictly complies with the relevant local environmental laws and regulations and has developed the Energy Conservation and Reduced Consumption Management System (《節能降耗管理制度》) and Employee Handbook (《員工手冊》), to achieve energy conservation and consumption reduction, in order to reduce the negative impact of its business operations on the environment. For details of the energy efficiency policy and green practices adopted by the Group, please refer to the following section headed "Resource use efficiency" in the Report.

The energy consumption of the Group mainly comes from direct energy consumption for vehicle use and indirect energy consumption for purchased electricity. The performance of the Group's energy consumption during the Year was summarised as follows:

Energy consumption

MAJOR TYPES OF ENERGY CONSUMPTION	UNIT	2024 VOLUME	2023 VOLUME
Direct energy consumption[5]			
Vehicle fuel - gasoline	kWh	**66,256.33**	71,224.50
Indirect energy consumption			
Purchased electricity	kWh	**1,187,314.10**	1,198,175.00
Total energy consumption	kWh	**1,253,570.43**	1,269,399.50
Total energy consumption intensity	kWh/m^2	**120.90**	91.77

During the Year, the Group actively controlled the use of company vehicles and promoted electricity saving, which showed that the total energy consumption was essentially unchanged from the previous year. However, the energy consumption intensity has increased by approximately 31.74%, primarily due to the surrender of certain offices by the main operating unit of the Group, resulting in a decrease in the total office space compared with last year. Due to the arithmetic limitation of intensity statistics, the total energy consumption intensity increased compared with the previous year, which failed to reach the previously set energy targets. Looking ahead, using 2024 as the benchmark year, the Group plans to maintain or reduce the total energy consumption intensity in the next year, so as to continuously promote the sustainable development goal.

Water consumption

Water consumption of the Group is mainly for daily use in offices. Given the geographical location of the Group's operations, we are not aware of any issue in sourcing water that is fit for purpose.

Water consumption at all of the Group's offices is charged as part of the property management fee and there is no separate water consumption data. Therefore, the Group does not disclose water consumption volume and has not set relevant targets.

5 The conversion of units for energy consumption data is based on the Energy Statistics Manual (《能源數據手冊》) published by the International Energy Agency.

Resource use efficiency

In terms of electricity consumption, the Group adopts low-consumption and recyclable energy-saving lights for office lighting to reduce its electricity consumption for lighting products and thus related carbon emissions. The Group has also posted notices near various power switches to remind employees to switch off equipment and power when they leave the premises or when they are not using it. In office, the Group maintains the air conditioner temperature at 25 degrees Celsius or above to reduce unnecessary energy use.

In terms of water consumption, the Group adopts various water-saving measures, such as cleaning staff regularly patrolling the toilets to prevent leakage of water taps. Reminders are posted in prominent places in toilets to remind employees to save water.

In terms of use of fuels, the Group has adopted certain energy-saving measures, please refer to the section headed "Measures to mitigate emissions" in the Report.

Use of packaging materials

In light of the Group's business nature, the Group does not involve any material usage of packaging materials in its ordinary course of business.

Environment and Natural Resources

The Group does not have significant impacts on environment or natural resources in its daily operation. The Group has always adhered to the principle of environment and natural resources protection in the course of its operations, complied with the Energy Conservation and Reduced Consumption Management System (《節能降耗管理制度》) and Employee Handbook (《員工手冊》), applied relevant energy saving policies and green measures, and strived to avoid causing significant impacts on the environment or over-consumption of natural resources.

Summary of Climate-related Risks and Opportunities

In response to international concerns about climate change, the Group has included climate change related risks as one of its ESG issues, and has made relevant disclosures in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The Group's analysis of potential financial risks brought by climate change and response strategies are as follows:

Risk types	Possible financial impacts Low Medium High	Short-term (the Year)	Medium-term (1 to 3 years)	Long-term (4 to 10 years)	Response strategies
Physical risks	Acute Extreme weather conditions such as increased flooding resulting in asset losses or supply chain disruptions				Developing safety rules and contingency plans in response to extreme weather conditions
	Chronic Electricity consumption increases due to continuous hot weather, which in turn affects operating costs				Adopting energy saving policies and green measures to avoid excessive consumption of natural resources
Transition risk	Policies and regulations More stringent climate policies and regulations (such as stricter power constraints) may increase compliance costs and operating costs				Strictly implementing emission reduction measures (e.g. vehicle management measures) to maintain a low emission level
	Market Revenue declines as consumers willingly shift to game products that are more active in incorporating environmentally friendly concepts into their games.				We strictly control the game publishing process and strive to produce high-quality game products featuring sustainable development concepts to meet consumer and market expectations.

Although the climate change risks identified by the Group do not have a significant impact on its business, the Group also reviews the potential impact of climate change on its business on an annual basis and adopts corresponding measures to mitigate any potential risks.

Carbon offset

The Group believes that prudent and high-quality carbon offset plays a role in reducing our carbon footprint. We will actively explore the information and services available on the Core Climate platform of the Stock Exchange regarding carbon credit purchase, seeking ways to completely offset the Scope 3 GHG emissions. The Group will continue to evaluate our carbon offset strategy, including procurement standards, suitable platforms and schedules. Exploring the long-term investment opportunities in carbon removal projects and gradually reducing reliance on carbon offset will be our focus.

SOCIAL

Employment

The Group firmly believes that its employees are the most valuable assets of an enterprise and one of the most important factors for the sustainable development and success of the Group. The Group strictly complies with all employment-related laws and regulations, including but not limited to the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Labour Law of the PRC (《中華人民共和國勞動法》), the Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》), the Law on the Protection of Rights and Interests of Women of the PRC (《中華人民共和國婦女權益保障法》), Provisions of the State Council on Working Hours of Workers and Staff (《國務院關於職工工作時間的規定》), the Law on the Protection of Disabled Persons of the PRC (《中華人民共和國殘疾人保障法》) and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》).

The Group has established policies such as the Employee Handbook (《員工手冊》) and the Employee Development Management System (《員工發展管理制度》) to regulate the workflow of recruiting, induction and training, employee transfers, dismissals and promotions, in order to standardise its workflow and improve its efficiency. The Group is committed to creating a corporate culture centred on the "battleman (戰功者)", providing the "battleman" with an innovative working environment, and providing business-oriented and market-competitive remuneration and incentive systems. It is also committed to building diverse and non-discriminatory inclusive working environments, strictly forbids any harassment and inappropriate behaviour, provides a promotion and development system for career ranks, and creates a fair, equal, respectful and open corporate development environment, so that the value of the Group's talents can be reflected on, assessed and rewarded fairly. The Group ensures that employees are not discriminated against or deprived of such opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status or family status during recruitment and promotion.

The Group recruits talented candidates with good attributes based on its business planning and needs, and uses structured interview tools, such as written tests and background checks as far as possible, to assess candidates for positions at junior manager level or above, so as to maintain the fairness of recruitment and avoid the subjective personal judgement of interviewers on the strengths and weaknesses of the candidates. The Group also highly values career management of its employees, and accordingly has set up two development paths for employees, namely the professional and management paths. The Group provides two opportunities for applying for job promotion each year, in order to encourage its employees to fully realise their career development potential.

The Group invests resources to attract, retain and motivate talents. By providing employees with competitive remuneration packages and benefits, the Group hopes to attract high-calibre talents in the market and motivate its existing employees. The Group regularly reviews the remuneration package of its employees and makes necessary adjustments to conform to market expectations. The Group's employees work 8 hours per day, 40 hours per week on average and at least 1 day off per week. In addition to basic salary, statutory social insurances and housing fund, as well as basic statutory festive holidays and public holidays, the Group's employees are also entitled to welfare leave and additional welfare allowances, including but not limited to:

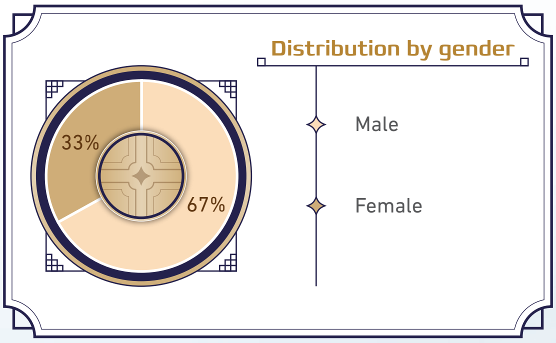
- meal allowance and afternoon tea;
- snack store selling at half-price;
- birthday gifts;
- festival gifts;
- red packets for Lunar New Year;
- fitness programme; and
- annual medical checkup.

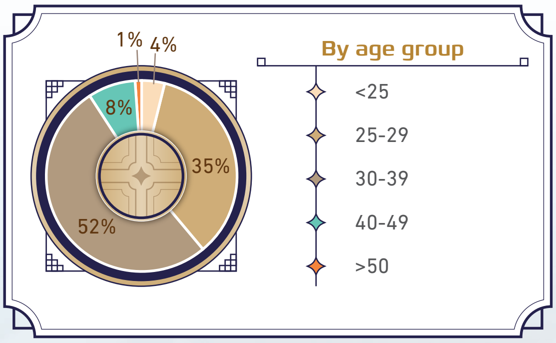
In order to enhance team cohesion and create a harmonious working atmosphere, the Group regularly organises various holiday activities and group gatherings, such as birthday parties, sports days, International Women's Day, Children's Day and overseas tours.

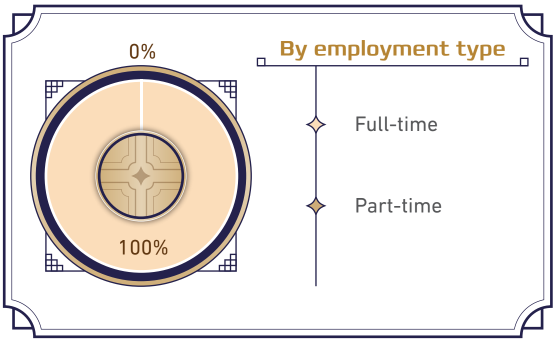
Total number and classification of employees

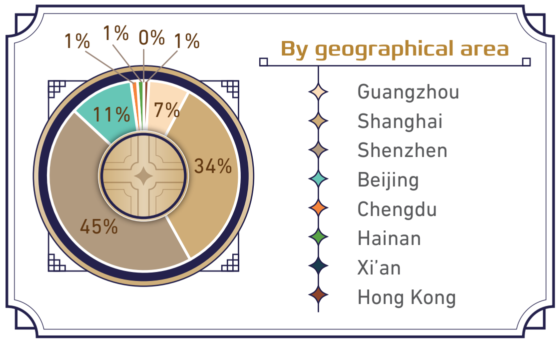
As at 31 December 2024, the total number of employees of the Group was 710, and the details of employees are as follows:

TOTAL NUMBER OF EMPLOYEES	
Total number of employees	710
By gender	
Female	234
Male	476
By age group	
<25	33
25-29	249
30-39	368
40-49	55
>50	5
By employment type	
Full-time	710
Part-time	/
By geographical area	
Guangzhou	53
Shanghai	239
Shenzhen	322
Beijing	77
Chengdu	4
Hainan	6
Xi'an	/
Hong Kong	9









Employee turnover rate

Details of the employee turnover rate of the Group during 2024 are as follows:

TOTAL EMPLOYEE TURNOVER[6]		
	Number of employees	**Employee turnover ratio**
Total turnover	337	47%
By gender		
Female	109	47%
Male	228	48%
By age group		
<25	19	58%
25-29	149	60%
30-39	157	43%
40-49	9	16%
>50	3	60%
By geographical area		
Guangzhou	16	30%
Shanghai	90	38%
Shenzhen	162	50%
Beijing	62	81%
Chengdu	2	50%
Hainan	2	33%
Xi'an	1	/
Hong Kong	2	22%

6 Total employee turnover ratio = (the total number of employees who left during the Year/the total number of employees at the end of the Year) x 100%; the employee turnover rate in each category = (the total number of employees who left during the Year in the category/the total number of employees at the end of the Year in the category) x 100%.

HEALTH AND SAFETY

The Group strictly complies with, including but not limited to the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Law on the Prevention and Control of Occupational Diseases of the PRC (《中華人民共和國職業病防治法》), the Provisions on the Supervision and Administration of Occupational Health at Work Sites (《工作場所職業衛生監督管理規定》) and other applicable laws and regulations in the PRC. As for laws and regulations regarding occupational health standards and safe production in the PRC, the Group did not record any material non-compliance with occupational health and safety during the Year. Due to the nature of the Group's business, employees mainly work in the office and are not involved in high-risk activities, therefore, the Group did not have any work-related death for the past three years, including this Year. During the Year, the Group did not have any work-related injuries. The Group has established various occupational health and safety measures including purchase of commercial medical and accident insurance, health check-ups for employees and safety guidelines for staff induction training to enhance their safety awareness.

In addition, to create and maintain a good, comfortable and healthy working environment, the Group has established health and safety-related policies as set out in the "Environmental, Social and Safety" section of the Employee Handbook (《員工手冊》) and implemented a series of measures, including but not limited to:

- to maintain accessibility of emergency exits in workplace;
- to provide adequate illumination and moderate temperature in workplace;
- to ensure no smoking is allowed in workplace; and
- to conduct safety inspections and fire drills regularly in workplace.

In addition to maintaining a safe and comfortable working environment, the Group understands the importance of work-life balance. Therefore, in case of adequate resources, the Group actively organises various recreational activities, including holiday activities, weekend ball games and overseas trips to allow employees to relax in their leisure time, in order to build up a sense of belonging and team spirit among its employees. The Group also regularly organised various health clubs, including fitness club, yoga club, basketball club, badminton club and football club, to provide employees with various sports programmes, which are beneficial to their physical and mental health.

During the outbreak of the COVID-19 pandemic, the Group had taken relevant countermeasures to ensure the health and safety of our employees and their families:

- to clean and sterilise workplace on a regular basis to keep environment clean; and
- to provide employees with epidemic prevention supplies, such as medical surgical masks, hand sanitiser and disinfectant hand rub.

DEVELOPMENT AND TRAINING

The Group values talent training and believes that employees will continue to grow along with the Group's business expansion, and provides targeted, systematic and forward-looking training for employees to ensure that they can quickly meet the needs of relevant positions and explore their potential to support the sustainable development of the Group. At the same time, the Group believes that the skills and experience of employees are important factors for the long-term development of the Group. Therefore, in addition to establishing the Employee Handbook (《員工手冊》) and the Employee Development Management System (《員工發展管理制度》), the Group also enhances employees' work performance through effective training, coaching and on-the-job training according to the CMGE College Management System (《中手游學院管理制度》). In addition, the Group has sufficient training opportunities for employees of different departments and levels every year.

The training of the Group is mainly divided into internal training and external training. The Group provides necessary internal training for relevant operational positions based on the development needs of employees, including internal sharing among departments, cross-department sharing and training. The Group also commissioned external professional training providers to provide professional training courses, including induction training, external training, and certification training involving enterprise qualification certification, to the Group's technical staff.

In addition, the Group provides different types of training for employees of different ranks, such as training for new employees recruited publicly, training for new employees recruited from schools and training for trainees. The Group provides position-based vocational training, including general ability training and professional ability training. The Group also provides leadership development training, including project manager training (professional direction), high potential mandatory training (management direction), cadre training and senior management training.

Details of the staff training of the Group for the Year are as follows:

STAFF TRAINING[7]		
	Number of employees trained	% of employees trained
Total number trained	642	90%
By gender		
Female	214	33%
Male	428	67%
By employee category		
Junior staff	583	91%
Middle and senior staff	59	9%
Training hours		
Total hours (hours)	5,667.67	
Average training hours[8]		
By gender		
Female	8.39	
Male	7.78	
By employee category		
Junior staff	8.04	
Middle and senior staff	7.52	

7 The percentage of employees trained = (the total number of employees trained during the Year/the total number of employees as at the end of the Year) x 100%; the percentage of employees trained in each category= (the total number of employees trained during the Year in the category/the total number of employees trained during the Year) x 100%.

8 The average training hours = (the total training hours during the Year in the category/the total number of employees as at the end of the Year).

Labour Standards

The Group resolutely resists and opposes any form of employment of child labour and forced labour, and strictly complies with applicable PRC laws and regulations, including but not limited to the Labour Law of the PRC (《中華人民共和國勞動法》), the Law on the Protection of Minors of the PRC (《中華人民共和國未成年人保護法》), the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》) when recruiting employees so as to protect their legitimate rights and interests.

In order to avoid the illegal employment of child labour, the human resources department of the Group strictly monitors the recruitment process, conducts background checks on its job applicants and verifies their credentials, and will not employ any candidates if they are found not suitable. Any use of false documents will be deemed as fraudulent and any related signed labour contract will be deemed invalid. To prevent forced labour, the Group has set out the rights of employees in relation to working hours and rest periods in the Employee Handbook (《員工手冊》). Any violations will be dealt with depending on conditions in accordance with the Group's internal policies, and serious offenders will be dealt with in accordance with the law. The human resources department of the Group regularly monitors and reviews the applicable labour laws and regulations in order to ensure compliance with local labour requirements including avoiding employment of any child and forced labour.

During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to the employment of child labour and forced labour.

Supply Chain Management

The Group understands that supply chain management has an inseparable relationship with its sustainable development, and is therefore committed to establishing a long-term and harmonious cooperation relationship with its suppliers. The Group expects its suppliers to uphold the principles of integrity and pragmatism, and provide products and services in strict compliance with the requirements of applicable laws and regulations.

In order to standardise the procurement procedures of products and services and strengthen the monitoring and management of all suppliers, the Group has adopted the Suppliers Management System (《供應商管理制度》) specifying the relevant approval procedure through a preliminary review of standardised suppliers' information, screening, information database management, examination of suppliers and selecting suppliers to properly manage the environmental and social risks of the Group's supply chain.

When selecting potential suppliers, the supplier investigation team, comprising the requesting department, and members from the Group's finance, internal audit and administration departments, will conduct a preliminary investigation on the candidates from different channels to understand the scale of the suppliers, their professional qualifications, speed of response, service quality and reputation in the industry. Suppliers are included in the list of qualified suppliers only after passing the inspection by the supplier investigation team. Considering the potential environmental and social impacts of the supply chain, the Group takes into account occupational health and safety, labour rights and compliance with laws and regulations when selecting potential suppliers, gives preference to suppliers that promote environmentally friendly products and services, with an aim to bring positive impacts to the entire supply chain.

For compliance purposes, when inviting bids from suppliers, the Group will require such suppliers to comply with the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法》) and the Procurement Law of the PRC (《中華人民共和國採購法》) in the bidding process. Suppliers are also required to protect the safety of employees in accordance with the Labour Law of the PRC (《中華人民共和國勞動法》) and the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》). In addition, the Group also requires suppliers to pay taxes according to law to ensure compliance.

To ensure the quality of suppliers, the Group closely monitors the performance of suppliers and reviews approved suppliers on an annual basis. The performance of suppliers is assessed based on price, quality, delivery schedule and volume, service and other aspects. In addition, the Group will also continuously evaluate and monitor suppliers for their track record of handling social issues in the past. For suppliers who fail to meet the standards of the Group, the cooperation with these suppliers will be terminated after the Group rated them as "rectification is needed" for two consecutive times.

The Group has 52 major qualified suppliers for the Year, all of which are located in the PRC and are evaluated carefully.

Product Responsibility

The Group believes that maintaining good game services is crucial to its sustainable development and is the key to its success. Therefore, the Group is committed to publishing high-quality games and having stringent game selection procedures to ensure better gaming experience for players. The Group continues to improve its technical services and player services and provides valuable technical support to game developers according to their specific needs. The Group also continues to implement its long-term strategies, including improving service quality by analysing the data collected and enhancing player loyalty and satisfaction by improving the quality of the games based on the Group's understanding of player preferences. The Group will upgrade the data collection system and big data platform to more accurately analyse player behaviour and more effectively monetise the value of games. The Group also enhanced its game development capabilities by investing more in research and development. In addition, the Group has established a comprehensive game development and publishing process, and will conduct multiple rounds of testing before the display version of its games is produced and the games are officially approved for publishing to ensure the quality of the games and player experience.

In recent years, the Group has promoted national culture through innovative game forms, and at the same time closely followed relevant national guidelines and policies, focusing on the inheritance of traditional culture, in order to build the Group into a Chinese game brand with worldwide influence.

The Group has accumulated a closed loop of IP game ecosystem of "IP resources – self-development and joint development – global publishing – proprietary IP operation – Chinese-style metaverse platform (IP資源-自主研發與聯合研發-全球發行-自有IP運營-國風元宇宙平台)", and the games launched with IP as the core have received tremendous support and numerous recognitions from game players and business partners. As one of the world's leading IP-based game operators, the Group and its games have received various awards on different ceremonies. Awards and honours received by the Group and its games during the Year are as follows:

Award/Recognition	Date of Award	Awarding Institution/Authority
2024 Innovative Application Award under Golden i Award (金i獎2024年度創新應用獎)	June 2024	China Internet Weekly published by the Chinese Academy of Sciences (中國科學院《互聯網週刊》), IT Research Centre under Chinese Academy of Social Sciences (中國社會科學院信息化研究中心), eNet Research Centre (eNet研究院) and Deben Consultation (Beijing) Co., Ltd. (德本諮詢(北京)有限公司)
Most Anticipated Game of 2024 (2024年度最受期待遊戲) Legend of Sword and Fairy: World (仙劍世界)	June 2024	Huawei Developer Conference (華為開發者大會)
Best Chinese Animation IP Game of 2024 (2024年度最佳國漫IP遊戲) Soul Land: Shrek Academy (斗羅大陸:史萊克學院)	June 2024	Huawei Developer Conference (華為開發者大會)
Top10 Excellent and Leading Game Enterprise (強基領航遊戲企業Top10)	July 2024	CGDC China Game Market Data Insight Forum (CGDC中國遊戲市場數據洞察論壇)
White Horse Award for 2024 Chinese Game Enterprises (2024年度中國遊戲企業白馬獎)	July 2024	CGDC China Game Market Data Insight Forum (CGDC中國遊戲市場數據洞察論壇)
Mobile Hardcore Alliance Annual Best Partner in the 8th Black Stone Awards (第八屆黑石獎硬核年度最佳合作夥伴公司)	July 2024	Mobile Hardcore Alliance (硬核聯盟)
Mobile Hardcore Alliance Most Anticipated Game of the Year in the 8th Black Stone Awards (第八屆黑石獎硬核年度最受期待遊戲) Legend of Sword and Fairy: World (仙劍世界)	July 2024	Mobile Hardcore Alliance (硬核聯盟)

The Group will launch more quality IP-based games to reward and meet the expectations of players and the market.

The Group takes active and effective measures to protect the physical and mental health of minors, which include launching and implementing the Parents' Guardian Project of Minors Online Games (網絡遊戲未成年人家長監護工程) by setting up special monitoring channels for parents on the homepage of games to guide the healthy participation of minors in online games. In addition, the Group participated in the research and development of four group standards, namely, Game Age-Appropriate Prompt Specification (《遊戲適齡提示規範》), Parental Monitoring Platform Specification (《家長監護平台規範》), Online Game Terminology (《網絡遊戲術語》) Group Standards and Game Enterprise Content Self-assessment Process Specification (《遊戲企業內容自審流程規範》), and worked with departments such as the Publicity Department of the Communist Party of China (中共中央宣傳部), China Press and Publication Research Institute (中國新聞出版研究院) and enterprise representatives of the drafting group to promote the standardisation of the industry, so as to facilitate the healthy development of the game industry. At the same time, all games of the Group have adopted a real-name authentication system, an anti-addiction system and an age reminder, and strictly implemented the Notice on Further Strict Management and Practically Preventing Minors from Indulging in Online Games (《國家新聞出版署關於進一步嚴格管理切實防止未成年人沉迷網絡遊戲的通知》) issued by the National Press and Publication Administration on 30 August 2021. Only one hour of online game services will be provided to minors from 8:00 p.m. to 9:00 p.m. on Fridays, Saturdays, Sundays and statutory holidays, with a view to fully protecting the healthy growth of minors.

The Group also established the Game Content Risk Prevention and Control Standards and Procedures (《遊戲內容風險防控標準及流程》), and is committed to comply with laws and regulations related to product responsibility, which include the Provisions on the Administration of Online Publishing Services (《網絡出版服務管理規定》), Mobile Game Content Standards (《移動遊戲內容規範》) and the Measures for the Administration of Internet Information Services (《互聯網信息服務管理辦法》), while ensuring that all games have obtained the Online Publishing Service License (《網絡出版服務許可證》). The advertisements released by the Group were also in line with the relevant regulatory requirements, including but not limited to the Advertising Law of the PRC (《中華人民共和國廣告法》).

During the Year, the Group did not receive any material complaints and compensation requests from audiences and customers as a result of deceptive, unfair or inappropriate contents, poor service quality or recall game products due to safety or health reasons related to the Group.

Service complaints and responses

In order to establish a good relationship and mutual trust with the players, the Group has established the Customer Service Enquiry and Complaint Process and Implementation Standards (客服諮詢與投訴流程及執行標準), which is handled by the Group's customer service department, to deal with players' enquiries and complaints. The customer service representatives will handle customers' complaints and requests with patience. Every complaint will be recorded in a standardised customer complaint record, which includes work order number, game name, user source, label of the work order, staff code of customer service representative, processing time of work order, complaint content and the handling results, in order to facilitate the customer service department to follow up and improve in the future, and to also serve as a source of information for the Group to improve its game quality continuously.

Intellectual property rights

Intellectual property rights are extremely important to the business of the Group and the Group is committed to protecting its intellectual property rights. The Group's copyright centre is responsible for monitoring the risk of infringement of its intellectual property rights. The Group stringently controls the authorisation procedures of its IP. Before entering into an IP licensing agreement, the copyright centre conducts independent background checks on the identity of the legal owner of the IP. For games developed based on IP licensed from game developers, the copyright centre also requires the game developers to provide authorisation letters issued by the IP owners to the Group. Before entering into a game licensing agreement, the copyright centre requires the relevant game developer to provide its software copyright registration certificate, and such game licensing agreement also contains an undertaking by the game developer as the legal owner of the game copyright. The Group has established the Trademark Management System (《商標管理制度》) and Management System for the Declaration of Game Copyright Qualifications (《遊戲著作權資質申報管理制度》) to regulate the application process of its trademarks and copyrights. The Group has also included information such as application number, application date and duration of the software copyrights and trademarks of the Group in a copyright list.

In order to continuously monitor the abuse of the Group's IP rights by others, the business department of the Group regularly searches for the application market and distribution platforms to identify any potential infringement of the Group's games. Once a game infringement is discovered, the business department collects and compiles evidence and submits such evidence to the relevant application market or publishing platform in order to request for removal of the infringing games. If the application market or publishing platform fails to remove the infringing games within the prescribed period, the Group will issue a lawyer's letter to them. The Group will also consider initiating legal proceedings against infringing application market or distribution platforms and infringing game developers.

Privacy protection policy

The Group emphasises the protection of personal data to safeguard business and personal privacy by strictly implementing the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》). To this end, the Group has formulated the Information Security Management System (資訊安全管理系統) to regulate the organisation, storage, confidentiality and use of files to reduce the risk of data leakage. Employees are required to keep the information and data necessary for their work properly and keep them confidential. Important information, electronic files and important data are backed up regularly to prevent data loss due to mechanical failure or accidental deletion. In addition, the Group has clearly stated in its Employee Handbook (《員工手冊》) and Users' Personal Information Management System (《用戶個人信息管理制度》) that employees must keep the Group's information strictly confidential, and must not disclose confidential information of the Group to other unrelated employees or external parties. In the event that the leakage of the Group's confidential information results in losses to the customers and the Group, the Group will impose penalties or initiate legal proceedings in accordance with the Group's internal stringent procedures to protect the interests of the Group and its customers. The Group strictly adheres to Network Security Law of the PRC (《中華人民共和國網絡安全法》), and there were no incidents of non-compliance in relation to data privacy during the Year.

Improving network security management

In order to reduce the Group's exposure to cyber-attacks, the Group has developed a series of network security management measures, including Information Security Policy (《信息安全方針》) and Information Security Organization and Management System (《信息安全組織管理制度》), which specify the prohibition of (i) employees from browsing or logging on unknown illegal websites, browsing illegal information and sending or receiving emails related to the above contents; (ii) downloading and installing virus spreading and hacker programmes on the Internet or by disks; (iii) unauthorised access to computer systems to change system information and user data; and (iv) any form of attack of computers or servers of the Group. All computer equipment must be installed with antivirus software on a uniform basis, and no measures such as unauthorised anti-virus software and personal firewalls are allowed to be installed in computers without the consent of the Group's technology centre.

Anti-corruption

The Group strictly complies with the relevant laws and regulations, including but not limited to the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》), the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) and the Criminal Law of the PRC (《中華人民共和國刑法》), and adheres to the fundamental standards of integrity and self-discipline. The Group has formulated the Anti-fraud and Reporting Management Policy (《反舞弊與舉報管理制度》) to prevent fraud in corporate operation and reduce operational risks of the Group. All Directors of the Group have received corporate governance training provided by the Group before listing or in induction, so that the Directors would clearly understand their responsibility and exercise their fiduciary duties. The Group also encourages the Directors to participate in continuous professional development activities, and will arrange anti-corruption trainings according to the actual needs.

The Group's Employee Handbook (《員工手冊》) clearly states the business conducts and professional ethics that employees should strictly follow, and prohibits any act of bribery, insider trading, extortion, money laundering and fraud. The Group offers new employee induction training at the time when employees join, which includes trainings in relation to basic employee ethics, such as anti-corruption trainings.

If any employee discovers any violation, he/she can report to the Group's head of internal audit department, either named or anonymously, through the reporting hotline or e-mail provided by the Group, and will be rewarded according to the Anti-fraud and Reporting Management Policy (《反舞弊與舉報管理制度》). The department is responsible for investigating and collecting evidence and submitting the same to the Audit Committee. The head of the internal audit department will determine the corresponding penalties for the violations based on the nature, severity and evidence obtained. The Group intends to protect whistleblowers from common concerns such as confidentiality and potential retaliation. Therefore, even if a complaint is subsequently proved to be unsubstantiated, employees who report in good faith under the whistleblowing mechanism can be assured of the protection against unfair dismissal or victimisation.

During the Year, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees, and the Group was also not aware of any violations of corruption, bribery, extortion, fraud or money laundering related to the Group.

Community Investment

The Group upholds the philosophy of "earnestly fulfilling social responsibilities and actively carrying out community activities" and regards community activity as an important part of its corporate culture, and has established the CMGE Dream Builder Volunteer Team Activity Regulations (《中手游築夢志願者團隊活動章程》), which clearly defines the purpose, responsibilities, and tasks of the volunteer team. Since the Group engages in game licensing and publishing business, the Group focuses on the charity for the youth and gives back to the society with a grateful heart.

Since 2018, the Group has cooperated with China Population Welfare Foundation (中國人口福利基金會) and Wuxi Lingshan Foundation (無錫靈山慈善基金會) to carry out a series of public welfare activities, aiming to set up at least 10 "CMGE Dream Libraries (中手游築夢圖書館)" across China, so that local students can further enhance their learning interests on the basis of meeting their daily reading needs. As of 31 December 2024, a total of 13 "CMGE Dream Libraries (中手游築夢圖書館)" have been built and put into use in Yunan of Guangdong, Zhengding of Hebei, Meihekou of Jilin, Yangchun of Guangdong, Jishan of Shanxi, Pingxiang of Jiangxi, Lu'an of Anhui, Enshi of Hubei, Jiyuan of Henan, Heyuan of Guangdong, Jizhou of Tianjin, Ji'an of Jiangxi and Huayuan of Hunan.

In addition to the public welfare construction and activities to promote the reading culture, the Group has conducted several community volunteer activities during the Year. In which, 26 employees participated in the CMGE Dream Libraries Plan (中手游築夢圖書館計劃), "A Warm Feeling, to Build Love Together (月圓情暖,共築愛心)" and "Have a Merry Christmas, and Guard the Children's Dreams (誕願有你,守護童夢)", for about 114 hours in total.

The Group helped various types of institutions by way of donations and participated various social activities to make contribution and give back to the society in its capacity as a corporate citizen to fulfill its social responsibilities and establish a good image in the public. During the Year, the Group has donated RMB125,000 in total to support local economy and provide social benefits to the disadvantaged groups in Mainland China and Hong Kong.

Besides, the Group is committed to nurturing and providing a broader platform for young artists and cultivating more outstanding art creative talents. Since 2021, the Group entered into school-enterprise cooperation contracts with the School of Digital Arts (數字藝術學院) under Xi'an University of Posts and Telecommunications (西安郵電大學) and Guangzhou Huashang Vocational College (廣州華商職院), respectively, and the Group will establish long-term school-enterprise cooperation partnerships with more colleges and universities in various regions to support and develop together, so as to contribute new forces into the development of the game industry.

As a result of its outstanding performance in corporate social responsibility, the Group has been awarded a number of social responsibility related awards, including the Social Responsibility Award (社會責任獎) in the Golden Diamond Award (金鑽榜) organised by the Guangdong Entertainment & Game Industry Association (廣東省遊戲產業協會); the Most Socially Responsible Company (最具社會責任企業) awarded by Shenzhen Futian General Chamber of Commerce (深圳市福田區總商會); the Enterprise with Outstanding Performance on Corporate Social Responsibility 2023 (2023年社會責任表現突出企業) in the 2023 China Gaming Corporate Social Responsibility Report (2023中國遊戲企業社會責任報告) released by Gamma Data on 5 February 2024; the ESG Comprehensive Governance Benchmark Enterprise (ESG綜合治理標杆企業) at the 2024 Service Trade Fair China International Economic Management Technology Forum (2024服貿會•中國國際經濟管理技術論壇) hosted by The Economic Observer (經濟觀察報); the Most Socially Responsible Listed Company (最具社會責任上市公司獎) at the 12th Annual Capital Power Brand Activity (第十二屆資本力量年度品牌活動) hosted by the Stockstar (證券之星); the Annual Social Responsibility Award (年度社會責任獎) at Guruclub (金格獎) hosted by Gelonghui (格隆匯); the Outstanding Enterprise of Social Responsibility of 2024 (2024年度社會責任傑出企業) at Golden i Award (金i獎) hosted by the China Internet Weekly (互聯網週刊).

Looking forward, the Group will continue to contribute to the future prosperity and growth of the youth, promote the established social welfare projects and continue to explore more different social and cultural activities, so as to establish a healthy and positive corporate image for the game industry.

ESG REPORTING CODE CONTENT INDEX

		Mandatory Disclosure Requirements	Sections for reference
Governance Structure	13	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG Structure
Reporting Principles	14	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: **Materiality:** The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. **Quantitative:** Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. **Consistency:** The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Preparation Basis of the Report
Reporting Boundary	15	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Scope and Reporting Period

Items		"Comply or explain" Provisions	Sections for reference
A. Environmental			
A1: Emissions			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPIs	A1.1	The types of emissions and respective emissions data.	Exhaust gas emissions
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Non-hazardous waste
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Greenhouse gas emissions; Measures to mitigate emissions
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Non-hazardous waste; Measures to reduce waste generation
A2: Use of Resources			
General Disclosure		Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPIs	A2.1	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).	Energy consumption
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water consumption
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy consumption; Resource use efficiency
	A2.4	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.	Water consumption; Resource use efficiency
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable

Items		Descriptions	Sections for reference
A. Environmental			
A3: The Environment and Natural Resources			
General Disclosure		Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment and Natural Resources
KPIs	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources
B. Social			
B1: Employment			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPIs	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Total number and classification of employees
	B1.2	Employee turnover rate by gender, age group and geographical region.	Employee turnover rate

Items		Descriptions	Sections for reference
B. Social			
B2: Health and Safety			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	HEALTH AND SAFETY
KPIs	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	HEALTH AND SAFETY
	B2.2	Lost days due to work injury.	HEALTH AND SAFETY
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	HEALTH AND SAFETY
B3: Development and Training			
General Disclosure		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	DEVELOPMENT AND TRAINING
KPIs	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	DEVELOPMENT AND TRAINING
	B3.2	The average training hours completed per employee by gender and employee category.	DEVELOPMENT AND TRAINING
B4: Labour Standards			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPIs	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
	B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

Items		Descriptions	Sections for reference
B. Social			
B5: Supply Chain Management			
General Disclosure		Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPIs	B5.1	Number of suppliers by geographical region.	Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
B6: Product Responsibility			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPIs	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
	B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual property rights
	B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Privacy protection policy; Improving network security management

Items		Descriptions	Sections for reference
B. Social			
B7: Anti-corruption			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPIs	B7.1	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.	Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
	B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
B8: Community Investment			
General Disclosure		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.	Community Investment
KPIs	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Items		Descriptions	Sections for reference
D. Climate-related Disclosures			
Governance			
	19.	An issuer shall disclose information about:	ESG MANAGEMENT
	(a)	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	
	(i)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	
	(ii)	how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	
	(iii)	how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	
	(iv)	how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities, including whether and how related performance metrics are included in remuneration policies; and	
	(b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
	(i)	whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	
	(ii)	whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	

Items		Descriptions	Sections for reference
D. Climate-related Disclosures			
Strategy			
Climate-related risks and opportunities	20.	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	Summary of Climate-related Risks and Opportunities Our disclosure includes the anticipated impacts of climate-related risks and opportunities on our financial position, financial performance and cash flows over the short, medium and long term. In future reports, we will evaluate the feasibility of disclosing the financial impacts of climate-related risks and opportunities, as well as other relevant aspects.
	(a)	describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	
	(b)	explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	
	(c)	specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	
	(d)	explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	
Business model and value chain	21.	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:	
	(a)	a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	
	(b)	a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	

Items		Descriptions	Sections for reference
D. Climate-related Disclosures			
Strategy			
Strategy and decision-making	22.	An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	
	(a)	information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	
	(i)	current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;	
	(ii)	current and anticipated adaptation and mitigation efforts (whether direct or indirect);	
	(iii)	any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and	
	(iv)	how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	
	(b)	information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	
	23.	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	

Items		Descriptions	Sections for reference
D. Climate-related Disclosures			
(II) Strategy			
Financial position, financial performance and cash flows	24.	An issuer shall disclose qualitative and quantitative information about:	Our disclosure includes the anticipated impacts of climate-related risks and opportunities on our financial position, financial performance and cash flows over the short, medium and long term. In future reports, we will evaluate the feasibility of disclosing the financial impact of climate-related risks and opportunities, as well as other relevant aspects.
	(a)	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	
	(b)	the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	
	25.	The issuer shall provide qualitative and quantitative disclosures about:	
	(a)	how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	
	(i)	its investment and disposal plans; and	
	(ii)	its planned sources of funding to implement its strategy; and	
	(b)	how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	

Items		Descriptions	Sections for reference
D. Climate-related Disclosures			
(II) Strategy			
Climate resilience	26.	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	
	(a)	the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	
	(i)	the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;	
	(ii)	the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and	
	(iii)	the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	

Items		Descriptions	Sections for reference
D. Climate-related Disclosures			
(II) Strategy			
Climate resilience	(b)	how and when the climate-related scenario analysis was carried out, including:	In future reports, we will conduct climate-related scenario analysis and disclose relevant results.
	(i)	information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);	
	(ii)	the key assumptions the issuer made in the analysis; and	
	(iii)	the reporting period in which the climate-related scenario analysis was carried out.	

Items		Descriptions	Sections for reference
D. Climate-related Disclosures			
(III) Risk Management			
	27.	An issuer shall disclose information about:	In future reports, we will conduct climate-related scenario analysis and disclose relevant results.
	(a)	the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	
	(i)	the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	
	(ii)	whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;	
	(iii)	how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	
	(iv)	whether and how the issuer prioritises climate-related risks relative to other types of risks;	
	(v)	how the issuer monitors climate-related risks; and	
	(vi)	whether and how the issuer has changed the processes it uses compared with the previous reporting period;	
	(b)	the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	
	(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	

Items		Descriptions	Sections for reference
D. Climate-related Disclosures			
(IV) Metrics and targets			
	28.	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO_2 equivalent, classified as:	Greenhouse gas emissions
	(a)	Scope 1 greenhouse gas emissions;	
	(b)	Scope 2 greenhouse gas emissions; and	
	(c)	Scope 3 greenhouse gas emissions.	
	29.	An issuer shall:	GHG emissions; Scope 3 Reporting boundary; Our approach
	(a)	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	
	(b)	disclose the approach it uses to measure its greenhouse gas emissions including:	
	(i)	the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;	
	(ii)	the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and	
	(iii)	any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	
	(c)	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	
	(d)	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	

Items		Descriptions	Sections for reference
D. Climate-related Disclosures			
(IV) Metrics and targets			
Climate-related transition risks	30.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	We will actively collect relevant information and disclose it where practicable.
Climate-related physical risks	31.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	
Climate-related opportunities	32.	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	
Capital deployment	33.	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	
Internal carbon prices	34.	An issuer shall disclose:	We currently do not incorporate internal carbon prices into our decision-making process. We will explore the use of internal carbon prices in the future.
	(a)	an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and	
	(b)	the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;	
		or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	
Remuneration	35.	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	We will explore the feasibility of enhancing our remuneration policies by incorporating climate-related metrics into senior management remuneration.

Items		Descriptions	Sections for reference
D. Climate-related Disclosures			
(IV) Metrics and targets			
Industry-based metrics	36.	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	We will review the internal information and disclose the KPIs as appropriate to ensure transparency and compliance.
Climate-related targets	37.	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	
	(a)	the metric used to set the target;	
	(b)	the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	
	(c)	the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);	GHG emissions targets
	(d)	the period over which the target applies;	
	(e)	the base period from which progress is measured;	
	(f)	milestones or interim targets (if any);	
	(g)	if the target is quantitative, whether the target is an absolute target or an intensity target; and	
	(h)	how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	

Items		Descriptions	Sections for reference
D. Climate-related Disclosures			
(IV) Metrics and targets			
Climate-related targets	38.	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	
	(a)	whether the target and the methodology for setting the target has been validated by a third party;	As we move forward, we will explore the feasibility of having our targets validated by a third party.
	(b)	the issuer's processes for reviewing the target;	GHG emissions targets
	(c)	the metrics used to monitor progress towards reaching the target; and	GHG emissions targets
	(d)	any revisions to the target and an explanation for those revisions.	GHG emissions targets
	39.	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	GHG emissions targets
	40.	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	
	(a)	which greenhouse gases are covered by the target;	GHG emissions targets
	(b)	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	GHG emissions targets
	(c)	whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	GHG emissions targets
	(d)	whether the target was derived using a sectoral decarbonisation approach; and	GHG emissions targets

Items		Descriptions	Sections for reference
D. Climate-related Disclosures			
(IV) Metrics and targets			
Climate-related targets	(e)	the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	Summary of Climate-related Risks and Opportunities
	(i)	the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	Summary of Climate-related Risks and Opportunities
	(ii)	which third-party scheme(s) will verify or certify the carbon credits;	Summary of Climate-related Risks and Opportunities
	(iii)	the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	Summary of Climate-related Risks and Opportunities
	(iv)	any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	Summary of Climate-related Risks and Opportunities
Applicability of cross-industry metrics and industry-based metrics	41.	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Not applicable

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CMGE TECHNOLOGY GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of CMGE Technology Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 128 to 227, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of 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 ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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 judgement, were of most significant 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.

Impairment assessment on goodwill

Refer to notes 3(b) and 16 to the consolidated financial statements and the accounting policies in note 2.4 to the consolidated financial statements.

As at 31 December 2024, the carrying amount of goodwill (before impairment) was approximately RMB1,147.7 million and an accumulated impairment of RMB635.2 million has been recognised. During the year, impairment charge amounting to RMB546.8 million was recognised in profit or loss. The Group is required to perform impairment test for goodwill annually. The impairment test is based on the recoverable amounts of respective cash-generating units ("CGUs") to which the goodwill is allocated, In estimating the recoverable amount being the higher of the fair value less costs of disposal and value in use, discounted cash flow method was used. Management performed impairment test using value-in-use calculation based on discounted cash flow method. Management also involved external experts to perform impairment assessment on the respective CGUs. Assumptions such as discount rate and long-term growth rate were set up applying significant judgements and estimates.

We identified assessing potential impairment of goodwill as a key audit matter because the impairment assessments prepared by management are complex and involve a significant degree of judgement in determining the assumptions, particular the long term growth rates, gross margin, revenue growth rates, pre-tax discount rates applied, and could be subject to management bias.

Our response

Our procedures on the management's impairment assessment on goodwill included:

(i) assessing the competence, capabilities and objectivity of the Group's external experts;

(ii) involving our internal valuation specialists to assist us in evaluating the assumptions and methodologies used by the Group and external experts;

(iii) assessing the reasonableness of market data, discount rates and growth rates applied in determining the recoverable amount;

(iv) challenging the reasonableness of key assumptions of the forecasts based on our knowledge of the business and industry; and

(v) checking input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.

Impairment of trade receivables and financial assets included in prepayments, other receivables and other assets

Refer to notes 3(b), 21, 22 and 37 to the consolidated financial statements and the accounting policies in note 2.4 to the consolidated financial statements.

At as 31 December 2024, the gross carrying value of trade receivables and financial assets included in prepayments, other receivables and other assets amounted to RMB1,254.3 million and RMB266.3 million for which loss allowances of RMB436.8 million and RMB130.0 million were recorded respectively.

Management applied judgement in assessing the expected credit losses ("ECLs"). Receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for loss allowance. Management also involved external experts to perform assessments of ECL for certain financial assets.

ECLs are also estimated by grouping the remaining receivables based on shared credit risk characteristics and ageing of billing and then collectively assessed for the likelihood of recovery, taking into account the nature of customers and ageing category, and applying the ECL rates to the respective gross carrying amounts of the receivables.

The ECL rates are determined based on historical credit loss experience and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables.

We focused on this area due to the magnitude of these financial assets and the estimation and judgement involved in determining the ECL allowance.

Our response

Our procedures on the management's ECL assessment on these financial assets included:

(i) obtaining an understanding of the Group's policy for calculating ECL;

(ii) assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are adjusted based on current economic conditions and forward-looking information and assessing whether there was an indication of management bias when recognising the loss allowances;

(iii) checking the accuracy of the ageing classification of the trade receivables balance on a sample basis; and

(iv) assessing the competence, capabilities and objectivity of the Group's external expert.

Fair value measurement of financial instruments

Refer to notes 3(b), 20, 25 and 36 to the consolidated financial statements and the accounting policies in note 2.4 to the consolidated financial statements.

The Group has financial instruments that have been measured at fair value where no market price has been available, and in these cases, fair value is determined using valuation models based on market data. These financial instruments are categorised as Level 2 in the fair value valuation hierarchy. The Group also has some financial instruments for which the fair value measurement has been determined using valuation models where the value is affected by input data that cannot be verified by external market data. These financial instruments are categorised as Level 3 in the fair value valuation hierarchy. Management involved external experts to perform assessments of the fair value for these financial instruments.

As at 31 December 2024, the Group has financial assets categorised as Level 2 and Level 3 totalling RMB1,175.2 million and financial liabilities categorised as Level 3 totalling of Nil.

We focused on this area due to the high degree of judgment required in determining the respective fair values of Level 2 and Level 3 financial instruments which do not have direct open market quoted values, with respect to the adoption of applicable valuation methodology and the application of appropriate assumptions in the valuation.

Our response

Our procedures on the management's fair value measurement of financial instruments included:

(i) assessing the competence, capabilities and objectivity of the Group's external experts;

(ii) involving our internal valuation specialists to assist us in evaluating the assumptions and methodologies used by the Group and external experts; and

(iii) checking the reasonableness of the estimates by conducting sample tests and performed our own independent valuation computation.

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' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirement 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 of the Company 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 responsibilities in the regard.

AUDITOR'S RESPONSIBILITY 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 HKSAs 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 HKSAs, we exercise professional judgement and maintain professional skepticism 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.
- 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, action 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

Wong Kwok Wai
Practising Certificate Number P06047
Hong Kong
27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**1,930,091**	2,605,884
Cost of sales		**(1,327,033)**	(1,662,782)
Gross profit		**603,058**	943,102
Other income and gains, net	6	**108,268**	117,426
Selling and distribution expenses		**(494,316)**	(306,494)
Administrative expenses		**(137,897)**	(155,700)
Research and development costs	7	**(244,255)**	(370,256)
Impairment of financial and contract assets, net	7	**(255,573)**	(89,936)
Impairment of goodwill	7	**(546,759)**	(65,477)
Write-off of prepayments	7	**(211,827)**	(26,858)
Fair value losses on financial assets at fair value through profit or loss	7	**(696,299)**	(33,538)
Impairment of other intangible assets	7	**(211,557)**	(3,094)
Other expenses		**(39,883)**	(18,811)
Finance costs	8	**(19,852)**	(19,638)
Share of profits and losses of:			
A joint venture		**—**	—
Associates		**4,010**	3,545
LOSS BEFORE TAX	7	**(2,142,882)**	(25,729)
Income tax credit/(expense)	11	**32,063**	(12,312)
LOSS FOR THE YEAR		**(2,110,819)**	(38,041)
Attributable to:			
Owners of the parent		**(2,105,005)**	(20,079)
Non-controlling interests		**(5,814)**	(17,962)
		(2,110,819)	(38,041)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic			
– For loss for the year		**RMB(74.56) cents**	RMB(0.73) cents
Diluted			
– For loss for the year		**RMB(74.56) cents**	RMB(0.73) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 RMB'000	2023 RMB'000
LOSS FOR THE YEAR	**(2,110,819)**	(38,041)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(24,095)**	12,379
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation from functional currency to presentation currency	**38,299**	2,990
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**14,204**	15,369
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(2,096,615)**	(22,672)
Attributable to:		
Owners of the parent	**(2,090,801)**	(4,710)
Non-controlling interests	**(5,814)**	(17,962)
	(2,096,615)	(22,672)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property and equipment	14	**11,599**	14,222
Right-of-use assets	15	**22,442**	24,860
Goodwill	16	**512,545**	1,059,304
Other intangible assets	17	**563,880**	610,665
Investment in a joint venture	18	**—**	—
Investments in associates	19	**120,350**	159,329
Financial assets at fair value through profit or loss	20	**1,238,509**	2,021,044
Deferred tax assets	27	**113,036**	73,870
Prepayments and other receivables	22	**902,407**	910,287
Total non-current assets		**3,484,768**	4,873,581
CURRENT ASSETS			
Trade and bills receivables	21	**846,345**	1,187,136
Prepayments, other receivables and other assets	22	**638,515**	808,992
Due from related parties	34	**10,680**	8,851
Cash and cash equivalents	23	**101,756**	210,609
Total current assets		**1,597,296**	2,215,588
CURRENT LIABILITIES			
Trade payables	24	**218,583**	261,054
Other payables and accruals	25	**245,819**	311,556
Contingent consideration for business combination	25	**—**	100,000
Bank and other borrowings	26	**512,806**	495,000
Tax payable		**120,426**	114,717
Due to a related party	34	**—**	1,998
Lease liabilities	15	**12,446**	11,077
Total current liabilities		**1,110,080**	1,295,402
NET CURRENT ASSETS		**487,216**	920,186
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,971,984**	5,793,767
NON-CURRENT LIABILITIES			
Deferred tax liabilities	27	**66,007**	83,124
Lease liabilities	15	**10,057**	15,830
Total non-current liabilities		**76,064**	98,954
Net assets		**3,895,920**	5,694,813

	Notes	2024 RMB'000	2023 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	28	**2,089**	1,915
Reserves	30	**3,900,207**	5,693,790
		3,902,296	5,695,705
Non-controlling interests		**(6,376)**	(892)
Total equity		**3,895,920**	5,694,813

Mr. XIAO Jian
Director

Mr. SIN Hendrick ***M.H***
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the parent									
	Share capital (Note 28) RMB'000	Capital reserve (Note 30) RMB'000	Treasury shares (Note 30) RMB'000	Statutory surplus reserve (Note 30) RMB'000	Share incentive reserve (Note 30) RMB'000	Exchange fluctuation reserve (Note 30) RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	**1,915**	**3,406,791***	**—**	**26,408***	**804,215***	**(15,023)***	**1,471,399***	**5,695,705**	**(892)**	**5,694,813**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**(2,105,005)**	**(2,105,005)**	**(5,814)**	**(2,110,819)**
Exchange differences on translation	**—**	**—**	**—**	**—**	**—**	**14,204**	**—**	**14,204**	**—**	**14,204**
Total comprehensive income/(loss) for the year	**—**	**—**	**—**	**—**	**—**	**14,204**	**(2,105,005)**	**(2,090,801)**	**(5,814)**	**(2,096,615)**
Issue of shares for the subscriptions	**148**	**245,897**	**—**	**—**	**—**	**—**	**—**	**246,045**	**—**	**246,045**
Issue of shares for the acquisition of the intangible assets	**27**	**26,451**	**—**	**—**	**—**	**—**	**—**	**26,478**	**—**	**26,478**
Share issue expenses	**—**	**(1,852)**	**—**	**—**	**—**	**—**	**—**	**(1,852)**	**—**	**(1,852)**
Capital contribution by a non-controlling shareholder	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**330**	**330**
Repurchase of shares	**—**	**—**	**(974)**	**—**	**—**	**—**	**—**	**(974)**	**—**	**(974)**
Cancellation of ordinary shares	**(1)**	**(973)**	**974**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Appropriation of statutory reserve	**—**	**—**	**—**	**17,935**	**—**	**—**	**(17,935)**	**—**	**—**	**—**
Share-based compensation (note 29)	**—**	**—**	**—**	**—**	**27,695**	**—**	**—**	**27,695**	**—**	**27,695**
At 31 December 2024	**2,089**	**3,676,314***	**—**	**44,343***	**831,910***	**(819)***	**(651,541)***	**3,902,296**	**(6,376)**	**3,895,920**

* These reserve accounts comprise the consolidated reserves of RMB5,693,790,000 and RMB3,900,207,000 in the consolidated statement of financial position as of 31 December 2023 and 2024 respectively.

	Attributable to owners of the parent									
	Share capital (Note 28) RMB'000	Capital reserve (Note 30) RMB'000	Treasury shares (Note 30) RMB'000	Statutory surplus reserve (Note 30) RMB'000	Share incentive reserve (Note 30) RMB'000	Exchange fluctuation reserve (Note 30) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	1,925	3,426,097*	(19,316)*	18,510*	778,613*	(30,392)*	1,499,376*	5,674,813	17,070	5,691,883
Loss for the year	—	—	—	—	—	—	(20,079)	(20,079)	(17,962)	(38,041)
Exchange differences on translation	—	—	—	—	—	15,369	—	15,369	—	15,369
Total comprehensive income/(loss) for the year	—	—	—	—	—	15,369	(20,079)	(4,710)	(17,962)	(22,672)
Cancellation of ordinary shares	(10)	(19,306)	19,316	—	—	—	—	—	—	—
Appropriation of statutory reserve	—	—	—	7,898	—	—	(7,898)	—	—	—
Share-based compensation (note 29)	—	—	—	—	25,602	—	—	25,602	—	25,602
At 31 December 2023	1,915	3,406,791*	—	26,408*	804,215*	(15,023)*	1,471,399*	5,695,705	(892)	5,694,813

CONSOLIDATION STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(2,142,882)**	(25,729)
Adjustments for:			
Finance costs	8	**19,852**	19,638
Share of profits and losses of a joint venture and associates		**(4,010)**	(3,545)
Interest income	6	**(773)**	(1,567)
Dividend income from financial assets at fair value through profit or loss	6	**—**	(10,569)
Loss on disposal of an investment in an associate	7	**30,900**	—
Fair value losses on financial assets at fair value through profit or loss	7	**696,299**	33,538
Fair value adjustment of contingent consideration for business combination	7	**(100,000)**	(68,925)
Equity-settled share-based expense	29	**27,282**	25,458
Impairment of trade receivables, net	7	**175,843**	103,232
Impairment of/(reversal of impairment of) financial assets included in prepayments, other receivables and other assets	7	**79,730**	(13,296)
Impairment loss on an investment in an associate	7	**4,589**	846
Impairment loss on an investment in a joint venture	7	**—**	4,684
Write-off of prepayments	7	**211,827**	26,858
Impairment of goodwill	7	**546,759**	65,477
Impairment of other intangible assets	7	**211,557**	3,094
Loss on disposal of items of property and equipment	7	**40**	333
Gain on lease modification	7	**(2,205)**	(317)
Depreciation of property and equipment	7	**4,505**	6,458
Depreciation of right-of-use assets	7	**15,317**	13,916
Amortisation of other intangible assets	7	**127,024**	108,863
Operating (loss)/profit before working capital changes		**(98,346)**	288,447
Decrease/(increase) in trade and bills receivables		**164,948**	(219,569)
(Increase)/decrease in prepayments, other receivables and other assets		**(194,945)**	29,327
(Increase)/decrease in amounts due from related parties		**(2,829)**	3,517
Decrease in trade payables		**(42,471)**	(46,616)
Decrease/(increase) in other payables and accruals		**(41,386)**	26,268
Decrease in amounts due to related parties		**(1,998)**	(5,340)
Cash (used in)/generated from operations		**(217,027)**	76,034
Income tax paid		**(17,038)**	(29,477)
Net cash flows (used in)/generated from operating activities		**(234,065)**	46,557

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

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**773**	1,567
Dividends received from financial assets at fair value through profit or loss		**—**	10,569
Purchases of items of property and equipment		**(1,858)**	(3,397)
Proceeds from disposal of items of property and equipment		**13**	329
Additions to other intangible assets		**(149,696)**	(133,250)
Purchases of financial assets at fair value through profit or loss		**(4,071)**	(164,184)
Disposal of financial assets at fair value through profit or loss		**60,324**	201,109
Release of pledged deposits		**—**	1,000
Repayment from a director		**1,000**	—
Net cash flows used in investing activities		**(93,515)**	(86,257)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new bank and other loans	31(b)	**627,176**	609,000
Repayments of bank and other loans	31(b)	**(609,370)**	(557,633)
Repayments of principal portion of lease payments	31(b)	**(15,099)**	(13,140)
Interest paid	31(b)	**(19,852)**	(19,638)
Repurchase of shares		**(974)**	—
Proceeds from issue of shares		**246,045**	—
Share issue expenses		**(1,852)**	—
Capital contribution by a non-controlling shareholder		**330**	—
Net cash flows generated from financing activities		**226,404**	18,589
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(101,176)**	(21,111)
Cash and cash equivalents at beginning of year		**210,609**	236,960
Effect of foreign exchange rate changes on cash and cash equivalents, net		**(7,677)**	(5,240)
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	**101,756**	210,609

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 20 March 2018 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The registered address of the office of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in mobile game publishing, game development and licensing of intellectual property in Mainland China, Hong Kong, Taiwan, Korea and Japan; and investment business in Mainland China.

In the opinion of the directors, the controlling shareholders of the Company are Mr. Xiao Jian and Mr. Sin Hendrick *M.H.*

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Date and place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chengdu Zhouxing Technology Co., Ltd. (成都卓星科技有限公司) ("Chengdu Zhuoxing")*	24 June 2013 PRC/Mainland China	RMB10,000,000	—	100	Mobile game publishing
China Mobile Games and Entertainment Group Limited Shenzhen (深圳市中手游網絡科技有限公司) ("Shenzhen Zhongshouyou")*	10 July 2015 PRC/Mainland China	RMB10,000,000	—	100	Mobile game publishing
Shenzhen Douyue Network Technology Co., Ltd. (深圳市豆悦網絡科技有限公司) ("Shenzhen Douyue")* ^	21 November 2014 PRC/Mainland China	RMB10,000,000	—	100	Mobile game publishing
Victory Games Network Technology Co., Ltd. (深圳市勝利互娛網絡科技有限公司)*	1 July 2015 PRC/Mainland China	RMB15,000,000	—	100	Mobile game publishing
Tibet Jichuang Internet Technology Co., Ltd. (西藏極創網絡科技有限公司) ("Tibet Jichuang")* ^	24 March 2016 PRC/Mainland China	RMB30,000,000	—	100	Investment holding

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Date and place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
China Mobile Games and Entertainment Group (HK) Limited	11 October 2012 Hong Kong	HK$100	—	100	Mobile game publishing
CMGE International Limited	3 December 2013 British Virgin Islands ('BVI')	US$1	—	100	Investment holding
香港商悦動娛樂有限公司台灣分公司	17 October 2014 Taiwan	TWD1,000,000	—	100	Game publishing
CMGE Global Limited	28 October 2013 Hong Kong	HK$1	—	100	Mobile game publishing
CMGE Korea Co., Limited	28 February 2014 Korea	KRW274,456,000	—	100	Mobile game publishing
Majesty Enterprises Limited	22 November 2013 Hong Kong	HK$1	—	100	Mobile game publishing
SuperNova Overseas Limited	31 July 2014 Hong Kong	HK$1	—	100	Mobile game publishing
Blooming City Holding Limited	8 January 2015 Republic of Seychelles	US$1	—	100	Mobile game publishing
CMGE Group Limited	23 October 2017 Hong Kong	HK$1	—	100	Investment holding
CMGE Group Limited	21 December 2017 BVI	US$1	—	100	Investment holding
Shengyue Software (Shenzhen) Co., Ltd. (盛悦軟件 (深圳) 有限公司)**	5 March 2018 PRC/Mainland China	HK$800,000,000	—	100	Investment holding
Tianhu Software Technology (Shenzhen) Company Limited (天互軟件科技 (深圳) 有限公司)** ^	7 March 2018 PRC/Mainland China	HK$150,000,000	—	100	Investment holding

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Date and place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Rocket Parade Investment Limited	21 March 2018 BVI	US$0.01	100	—	Investment holding
Beijing Wenmai Hudong Technology Company Limited (北京文脈互動科技有限公司) ("Wenmai Hudong")* ^	12 December 2014 PRC/Mainland China	RMB1,000,000	—	100	Game development
Softstar Technology (Beijing) Co., Ltd. (軟星科技 (北京) 有限公司) ("Beijing Softstar")**	19 September 2000 PRC/Mainland China	RMB16,873,388	69.23	30.77	Game development
Softstar Technology (Shanghai) Co., Ltd. (軟星科技 (上海) 有限公司)** ^	14 June 2001 PRC/Mainland China	RMB70,375,625	—	100	Game development
Beijing Zhongsheng Huyu Entertainment Technology Company Limited (北京鐘聲互娛科技有限公司)*^	1 August 2019 PRC/Mainland China	RMB1,000,000	—	100	Game development
Softstar Technology (Shenzhen) Company Limited (軟星科技 (深圳) 有限公司)** ^	17 August 2020 PRC/Mainland China	RMB20,000,000	—	100	Game development
Beijing Fenhao Huyu Technology Company Limited (北京分號互娛科技有限公司)*^#	19 January 2020 PRC/Mainland China	RMB5,000,000	—	100	Mobile game publishing

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Date and place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shenzhen Full Stop Mutual Entertainment Network Technology Co., Ltd. (深圳市句號互娛網絡科技有限公司)* ^	24 December 2019 PRC/Mainland China	RMB10,000,000	—	100	Mobile game publishing
Yichun Dongdian Huyu Internet Technology Company Limited (宜春市動點互娛網絡科技有限公司) ("Yichun Dongdian")* ^	26 November 2019 PRC/Mainland China	RMB5,000,000	—	100	Mobile game publishing
Hainan Chuangyue Technology Company Limited (海南創躍科技有限公司) ("Hainan Chuangyue")* ^	24 December 2019 PRC/Mainland China	RMB5,000,000	—	100	Game development
Hainan Zhanshen Internet Technology Company Limited (海南戰神網絡科技有限公司) ("Hainan Zhanshen")* ^	27 April 2020 PRC/Mainland China	RMB5,000,000	—	100	Mobile game publishing
Shanghai Fanying Network Technology Co., Ltd. (上海凡影網絡科技有限公司) ("Shanghai Fanying")* ^	31 July 2020 PRC/Mainland China	RMB1,000,000	—	100	Game development
Beijing Shanxunxingkong Technology Co., Ltd. (北京閃訊星空科技有限公司)*^	23 December 2020 PRC/Mainland China	RMB1,000,000	—	100	Game development

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Date and place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shenzhen Fansheng Network Technology Co., Ltd. (深圳市凡盛網絡科技有限公司) ("Shenzhen Fansheng")* ^	4 June 2020 PRC/Mainland China	RMB1,000,000	—	100	Mobile game publishing
Mighty Leader Limited	19 January 2021 Samoa	US$1,000,000	—	100	Investment holding
Best Classic International Limited	11 January 2021 Samoa	US$1,000,000	100	—	Investment holding
Hainan Guming Technology Company Ltd. (海南古茗科技有限公司) ("Hainan Guming")* ^	10 March 2022 PRC/Mainland China	RMB10,000,000	—	66	Digital art
Shanghai Zhoujing Network Technology Co., Ltd. (上海洲競網絡科技有限公司) ("Shanghai Zhoujing")* ^	1 December 2022 PRC/Mainland China	RMB2,040,816	—	51	Game development
Shanghai Yunnan Network Technology Co., Ltd. (上海雲藍網絡科技有限公司) ("Shanghai Yunnan")* ^	6 January 2021 PRC/Mainland China	RMB1,000,000	—	100	Game development
Guangzhou Manshikong Network Technology Co., Ltd. (廣州漫時空網絡科技有限公司) ("Guangzhou Manshikong") * ^	28 April 2023 PRC/Mainland China	RMB5,000,000	—	100	Game development

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Date and place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Beijing Hengwan Network Technology Co., Ltd. (北京恒玩網絡科技有限公司) ("Beijing Hengwan")* ^	17 March 2023 PRC/Mainland China	RMB1,000,000	—	100	Mobile game publishing
CMGE Japan Co., Ltd.	11 December 2013 Japan	JPY70,000,000	—	100	Mobile game publishing

* These subsidiaries are registered as limited liability companies under PRC law.

** These subsidiaries are registered as wholly-foreign-owned enterprises under PRC law.

^ The English names of these subsidiaries registered in Mainland China represent the translated names of these companies as no English names have been registered.

Beijing Fenhao Huyu Technology Company Limited was deregistered during the year ended 31 December 2024.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and contingent consideration for business combination which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amendments to HKFRSs for the current year's consolidated financial statements:

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

Adoption of these amendments to HKFRSs and HKAS had no material impact on the Group's consolidation financial statements. The Group has not early applied any new or amendments to HKFRSs that is not yet effective for the current accounting period.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and amendments to HKFRSs, that has been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKAS 21 and HKFRS 1	*Lack of Exchangeability*[1]
Amendments to HKFRS 9 and HKFRS 7	*Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contract Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	*Annual Improvements to HKFRS Accounting Standards – Volume 11*[2]
HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HK Int 5	*Presentation of Financial Statements - Classification by a Borrower of a Term Loan that Contains a Repayment on Demand Clause*[3]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]

1 Effective for annual periods beginning on or after 1 January 2025.

2 Effective for annual periods beginning on or after 1 January 2026.

3 Effective for annual periods beginning on or after 1 January 2027.

4 Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of the impact of these new and amendments to HKFRSs upon initial application.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

HKFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The adoption of HKFRS 19 is optional. HKFRS 19 specifies the disclosure requirements that an entity is permitted to apply to substitute the disclosure requirements in other HKFRS Accounting Standards. The Company's shares are listed and traded on The Stock Exchange of Hong Kong Limited. Therefore, it has public accountability according to HKFRS 19 and does not qualify for electing to apply the standard to prepare its financial statements.

2.4 ACCOUNTING POLICIES

(a) Investments in associates and a joint venture

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and a joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. The difference between the carrying amount of the associate or joint venture and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

2.4 ACCOUNTING POLICIES *(continued)*

(b) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(c) Fair value measurement

The Group measures certain financial instruments and contingent consideration for business combination at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 ACCOUNTING POLICIES *(continued)*

(c) Fair value measurement *(continued)*

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(d) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g. a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises.

2.4 ACCOUNTING POLICIES *(continued)*

(e) Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Electronic devices	33%
Motor vehicles	20%
Leasehold improvements	Shorter of estimated useful lives and remaining lease terms of the leasehold lands
Buildings	Shorter of estimated useful lives and remaining lease terms of the leasehold lands

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year for the asset derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

(f) Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of other intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of other intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the other intangible assets may be impaired. The amortisation period and the amortisation method for other intangible assets with a finite useful life are reviewed at least at each financial year end.

2.4 ACCOUNTING POLICIES *(continued)*

(f) Other intangible assets (other than goodwill) *(continued)*

Intellectual property licences ("IP licences") and IP rights

Under IP licensing arrangements entered into between the Group and the IP owners, the Group pays loyalty fees to the IP owners as the Group is entitled to develop, publish and operate mobile games based upon the IP. The Group recognises the IP loyalty fees and acquisition costs as intangible assets. These intangible assets are amortised on a straight-line basis over the shorter of the expected economic life and licence period of 2 to 20 years.

Content provider licences ("CP licences")

Under the exclusive game arrangements entered into between the Group and the game developers, the Group pays upfront loyalty fees to the game developers as the Group is entitled to an exclusive right to operate/publish the developed games. The Group recognises the upfront loyalty fees as an intangible asset. These intangible assets are amortised on a straight-line basis over the shorter of the expected economic life and licence period, from 3 to 5 years.

Computer software

Acquired computer software is stated at historical cost less amortisation. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and is amortised on a straight-line basis over the useful life of 5 years.

Copyrights

Under the buyout arrangements for copyrights entered into between the Group and the IP owners, the Group pays a sum of copyright fees to the IP owners as the Group is entitled to buy out the copyrights upon which the Group can further develop, publish and operate mobile games with an indefinite period. The Group recognises the copyrights brought out as an intangible asset. These intangible assets are initially recorded at cost and amortised on a straight-line basis over their expected economic lives of 3 to 10 years.

The Group recognises copyrights acquired through business combinations as intangible assets. These intangible assets are initially recognised and measured at estimated fair value. Copyrights acquired through business combinations are amortised using a straight-line method which reflects the estimated consumption patterns and expected economic lives.

The Group develops its estimation on the expected economic lives of the copyright based on a number of factors such as typical product life cycles, public information on estimation of useful lives of similar assets, technical, commercial or other types of obsolescence and legal expiry dates.

Research and development costs

All research costs are charged to the consolidated statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

2.4 ACCOUNTING POLICIES *(continued)*

(f) Other intangible assets (other than goodwill) *(continued)*

Research and development costs (continued)

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding contract periods, commencing from the date when the products are put into commercial production.

(g) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

(ii) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 ACCOUNTING POLICIES *(continued)*

(g) Leases *(continued)*

Group as a lessee (continued)

(iii) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

(h) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 ACCOUNTING POLICIES *(continued)*

(h) Financial assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Fair value gains or losses on financial assets at fair value through profit or loss incorporate any dividend earned on financial assets.

(i) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 ACCOUNTING POLICIES *(continued)*

(j) Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

2.4 ACCOUNTING POLICIES *(continued)*

(j) Impairment of financial assets *(continued)*

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(k) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include contingent consideration for business combination, trade and other payables, amounts due to related parties and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the consolidated statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost

After initial recognition, trade and other payables, amounts due to related parties and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortisation is included in finance costs in the statement of profit or loss.

2.4 ACCOUNTING POLICIES *(continued)*

(l) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time and does not give rise to equal taxable and deductible temporary differences of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 ACCOUNTING POLICIES *(continued)*

(l) Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(m) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(i) Mobile game publishing

The Group is primarily engaged in providing services of publishing developed mobile games to the various publishing channels including application stores and software websites.

The mobile games are generally operated under a free-to-play basis whereby players can play the games free of charge and are charged for purchase of a virtual currency that can exchange for virtual items in the games. Game players pay for the virtual items through the publishing channels. Such payments are generally non-refundable and non-cancellable. The publishing channels are entitled to withhold and deduct prescribed fixed percentages of the gross proceeds collected from the players as their channel service fee, and the Group, game developers ("CPs") and intellectual property ("IPs") owners, if any IPs are involved, are entitling the remaining amount.

2.4 ACCOUNTING POLICIES *(continued)*

(m) Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

(i) Mobile game publishing *(continued)*

Gross versus net consideration

The Group evaluates agreements with the CPs, publishing channels and IPs (if any) in order to determine whether the Group acts as the principal or as an agent in the arrangement with each party, respectively. The Group identified the specified service to be provided to the customers and assessed whether it controls each specified service before that is transferred to the customers. The indicators that the Group controls the specified service include, but are not limited to, whether the Group (i) is primarily responsible for fulfilling the promise to provide the specified service; (ii) has inventory risk before the specified service has been transferred to a customer; (iii) has discretion in establishing prices for the specified services. The assessment is performed for all of the Group's mobile game publishing revenue.

With respect to most of the Group's game publishing arrangements entered into during the reporting period, the Group views the CPs as its customers and the Group provides game publishing services to CPs. The Group is responsible for identifying, contracting with and maintaining the relationships of the publishing channels and IPs (if any), and accordingly, the Group records the amount collected from game players by publishing channels, net of the amounts shared by the CPs, as the revenue on a gross basis and commission fees paid to the publishing channels and IPs (if any) are included in cost of sales. For the other game publishing arrangements, the Group is not responsible for identifying, contracting with and maintaining the relationships of the publishing channels and accordingly, the Group records the amount collected from publishing channels, net of commission fees to such channels and the amounts shared by the CPs, as the revenue.

Timing of revenue recognition

The Group's publishing services are provided over the whole publishing periods, and the publishing revenue is recognised when the services are provided and the revenue amounts are determinable.

2.4 ACCOUNTING POLICIES *(continued)*

(m) Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

(ii) Self-developed and self-operating games

The Group is also engaged in developing online games including web-based and mobile games.

The games are operated under a free-to-play basis whereby players can play the games free of charge and are charged for purchase of a virtual currency that can exchange for virtual items in the games. The gross payments from players are collected as revenue. The payment received to purchase of virtual items is non-refundable and the related contracts are non-cancellable.

The Group has determined that when it is obligated to provide on-going services to the game players who purchased virtual items to gain an enhanced game-playing experience over the playing period of the paying players, ratably over the estimated average playing period of these paying players ("Player Relation Period"), starting from the point in time when virtual items are delivered to the players' accounts, and all other revenue recognition criteria are met.

The Group estimates the Player Relation Period and re-assesses such period semi-annually. If a new game is launched and only a limited period of paying players' data is available, then the Group considers other qualitative factors, such as the playing patterns for paying players for other games with similar characteristics.

Gross versus net consideration

The Group considered itself as a principal in games as the Group takes primary responsibilities of game operation, providing customer services, hosting game servers, controlling games and service specifications and pricing. Accordingly, the revenue derived from games is recorded on a gross basis and the amounts withheld by the publishing channels and other publishers are recorded as cost of sales.

Timing of revenue recognition

When the Group operates game as principal, revenue is recognised overtime.

2.4 ACCOUNTING POLICIES *(continued)*

(m) Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

(iii) Licensing of intellectual property

The Group also generates revenue from licensing intellectual property to third parties for certain periods. The revenue from licensing agreements is recognised over the license period (for a right to access) or at the point in time when the customer can first use the licensed intellectual property (for a right to use). Sales-based royalties on licenses of intellectual property are recognised only upon the later of when the sale or usage occurs or the satisfaction of the related performance obligation.

(iv) Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(n) Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(o) Contract costs

Other than the costs which are capitalised as property and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the consolidated statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

2.4 ACCOUNTING POLICIES *(continued)*

(p) Share-based payments

Share options granted to employees

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

Shares granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

2.4 ACCOUNTING POLICIES *(continued)*

(q) Other employee benefits

Pension scheme

The Group contributes on a monthly basis to various defined contribution plans organised by the relevant governmental authorities in various areas other than Mainland China. The Group's liability in respect of these plans is limited to the contributions payable at the end of each period. Contributions to these plans are expensed as incurred.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiary operating in Mainland China is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund - Mainland China

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

(r) Foreign currencies

These consolidated financial statements are presented in RMB. The Company's functional currency is the Hong Kong dollar. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

2.4 ACCOUNTING POLICIES *(continued)*

(r) Foreign currencies *(continued)*

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Contractual arrangements

Chengdu Zhuoxing, Shenzhen Zhongshouyou, Shenzhen Douyue, Hainan Chuangyue, Yichun Dongdian, Hainan Zhanshen, Shanghai Zhoujing, Hainan Guming, Shenzhen Fansheng, Shanghai Fanying, Shanghai Yunnan, Guangzhou Manshikong and Beijing Hengwan (collectively referred to as the "PRC Operating Entities") are mainly engaged in the provision of mobile game publishing in the PRC, which falls in the scope of "Catalogue of Restricted Foreign Investment Industries" that foreign investors are prohibited to invest in.

As disclosed in note 2.1 to the consolidated financial statements, the Group exercises control over the PRC Operating Entities and enjoys all economic benefits of the PRC Operating Entities through the contractual arrangements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(a) Judgements *(continued)*

Contractual arrangements (continued)

The Group considers that it controls the PRC Operating Entities, notwithstanding the fact that it does not hold a direct equity interest in the PRC Operating Entities, as it has power over the financial and operating policies of the PRC Operating Entities and receives substantially all of the economic benefits from the business activities of the PRC Operating Entities through the contractual arrangements. Accordingly, the PRC Operating Entities have been accounted for as subsidiaries during the reporting period.

Withholding tax arising from the distribution of dividends

The Group's determination, as to whether to accrue deferred tax liabilities in respect of withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends.

Revenue recognition

Determining whether the Group is acting as a principal or as an agent when a third-party is involved in the provision of certain services to its customers requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers factors to determine whether the Group controls the specified goods or services before they transferred to the customer include, but are not limited to the following: (a) who is primarily responsible for fulfilling the promise to provide specified goods or service, (b) who is subject to inventory risk, and (c) who has discretion in establishing prices. Refer to note 2.4 for details.

Significant influence over investee

The Group hold 25.65% and 39.01% equity interest of China Prosperity Capital Mobile Internet Fund ("CPC Fund") and Guohong Jiaxin (Shenzhen) Angel Venture Capital Enterprise (L.P.) ("Angel Venture") during the year, respectively. The directors of the Company consider that the Group has no significant influence nor control over the entities based on the fact that the Group does not participate in any operating and financial policies of the entities and exercise its influence on the operating and financial policies in the board of directors of entities. The Group therefore accounted for these entities as financial assets at fair value through profit or loss.

Capitalisation of development expenditure

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4 to the consolidated financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets and the expected period of benefits. At 31 December 2024, the best estimate of the carrying amount of capitalised development costs was RMB18,999,000 (note 17).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(b) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was RMB512,545,000 (2023: RMB1,059,304,000). Further details are given in note 16 to the consolidated financial statements.

Provision for ECL on trade receivables and financial assets included in prepayments, other receivables and other assets

The measurement of ECL under HKFRS 9 across all categories of financial assets at amortised cost requires judgements, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining ECL and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Receivables relating to debtors with known financial difficulties or significant doubt on collection of receivables are assessed individually for loss allowance.

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the mobile game sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and financial assets included in prepayments, other receivables and other assets are disclosed in notes 21, 22 and 37 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(b) Estimation uncertainty *(continued)*

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 27 to the consolidated financial statements.

Valuation of financial assets at fair value through profit or loss

Where fair values of financial assets cannot be derived directly from active markets, they are determined using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. The estimations include considerations of inputs such as liquidity risk, credit risk and volatility changes in assumptions about these factors could affect the reported fair value of financial instruments. Further details are disclosed in notes 20 and 36 to the consolidated financial statements.

Estimates of the Player Relation Period in the Group's game development services

The Group recognises the revenue rateably over the estimated average Player Relation Period for self-developed games and the Group acts as principal. The determination of the Player Relation 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. Future paying player usage patterns and behaviour may differ from the historical usage patterns, and therefore, the estimated average Player Relation Period may change in the future. The Group will continue to monitor the estimated average Player Relation Period, which may differ from the historical period, and any change in the estimate may result in the revenue being recognised on a different basis to that in prior periods. Any adjustments arising from changes in the Player Relation Period as a result of new information will be accounted for as a change in accounting estimates.

Fair value of contingent consideration

The contingent consideration arising from business combination was estimated using the discounted cash flow model and Monte Carlo simulation model. These models require the Group to make estimations about the expected future profits, discount rate and volatility, and hence, they are subject to uncertainty. Further details are disclosed in notes 25 and 36 to the consolidated financial statements.

Impairment of non-financial assets (Other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each years. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on such available data as binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in mobile game publishing, game development and licensing of intellectual property.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker ("CODM") in order to allocate resources to segments and to assess their performance. There were no segment assets and segment liabilities information provided to the CODM, as the CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

For the year ended 31 December 2024

Segments	Game publishing RMB'000	Game development RMB'000	Licensing of intellectual property RMB'000	Total RMB'000
Segment revenue (note 5)				
Sales to external customers	1,664,508	149,122	116,461	1,930,091
Intersegment sales	—	1,089	—	1,089
	1,664,508	150,211	116,461	1,931,180
Reconciliation:				
Elimination of intersegment sales				(1,089)
Total revenue from contracts with customers				1,930,091
Segment results	460,956	45,421	96,681	603,058
Reconciliation:				
Other income and gains, net				108,268
Selling and distribution expenses				(494,316)
Administrative expenses				(137,897)
Research and development costs				(244,255)
Impairment of financial and contract assets, net				(255,573)
Impairment of goodwill				(546,759)
Write-off of prepayments				(211,827)
Fair value losses on financial assets at fair value through profit or loss				(696,299)
Impairment of other intangible assets				(211,557)
Other expenses				(39,883)
Finance costs				(19,852)
Share of profits and losses of:				
Associates				4,010
LOSS BEFORE TAX				(2,142,882)

4. OPERATING SEGMENT INFORMATION *(continued)*

For the year ended 31 December 2023

Segments	Game publishing RMB'000	Game development RMB'000	Licensing of intellectual property RMB'000	Total RMB'000
Segment revenue (note 5)				
Sales to external customers	2,133,803	215,105	256,976	2,605,884
Intersegment sales	—	26,336	—	26,336
	2,133,803	241,441	256,976	2,632,220
Reconciliation:				
Elimination of intersegment sales				(26,336)
Total revenue from contracts with customers				2,605,884
Segment results	633,657	69,516	239,929	943,102
Reconciliation:				
Other income and gains, net				117,426
Selling and distribution expenses				(306,494)
Administrative expenses				(155,700)
Research and development costs				(370,256)
Impairment of financial and contract assets, net				(89,936)
Impairment of goodwill				(65,477)
Write-off of prepayments				(26,858)
Fair value losses on financial assets at fair value through profit or loss				(33,538)
Impairment of other intangible assets				(3,094)
Other expenses				(18,811)
Finance costs				(19,638)
Share of profits and losses of:				
Associates				3,545
LOSS BEFORE TAX				(25,729)

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2024 RMB'000	2023 RMB'000
Mainland China	**1,657,961**	2,379,078
Other countries/regions	**272,130**	226,806
	1,930,091	2,605,884

The revenue information above is based on the locations of the game publishing, game development and licensing of intellectual property.

(b) Non-current assets

	2024 RMB'000	2023 RMB'000
Mainland China	**1,990,963**	2,694,972
Other countries/regions	**127,218**	83,695
	2,118,181	2,778,667

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

Information about major customers

During the year ended 31 December 2024, revenue of approximately RMB245,613,000 was derived from a single external customer of the game publishing that accounted for more than 10% of total revenue.

During the year ended 31 December 2023, revenue of approximately RMB389,220,000 was derived from a single external customer of the game publishing that accounted for more than 10% of total revenue.

5. REVENUE

An analysis of revenue is as follows:

(a) Disaggregated revenue information

For the year ended 31 December 2024

Segments	Game publishing RMB'000	Game development RMB'000	Licensing of intellectual property RMB'000	Total RMB'000
Types of goods and services:				
Mobile game publishing services	1,664,508	—	—	1,664,508
Game development related services	—	149,122	—	149,122
Licensing of intellectual property	—	—	116,461	116,461
Total revenue	1,664,508	149,122	116,461	1,930,091
Revenue from contracts with customers under HKFRS 15 by geographical markets:				
Mainland China	1,393,647	148,332	115,982	1,657,961
Other countries/regions	270,861	790	479	272,130
	1,664,508	149,122	116,461	1,930,091
Revenue from contracts with customers under HKFRS 15 by timing of revenue recognition:				
Services transferred over time	1,664,508	149,122	22,822	1,836,452
Services transferred at a point in time	—	—	93,639	93,639
	1,664,508	149,122	116,461	1,930,091

5. REVENUE *(continued)*

(a) Disaggregated revenue information *(continued)*

For the year ended 31 December 2023

Segments	Game publishing RMB'000	Game development RMB'000	Licensing of intellectual property RMB'000	Total RMB'000
Types of goods and services:				
Mobile game publishing services	2,133,803	—	—	2,133,803
Game development related services	—	215,105	—	215,105
Licensing of intellectual property	—	—	256,976	256,976
Total revenue	2,133,803	215,105	256,976	2,605,884
Revenue from contracts with customers under HKFRS 15 by geographical markets:				
Mainland China	1,926,081	215,105	237,892	2,379,078
Other countries/regions	207,722	—	19,084	226,806
	2,133,803	215,105	256,976	2,605,884
Revenue from contracts with customers under HKFRS 15 by timing of revenue recognition:				
Services transferred over time	2,133,803	215,105	143,768	2,492,676
Services transferred at a point in time	—	—	113,208	113,208
	2,133,803	215,105	256,976	2,605,884

5. REVENUE *(continued)*

(a) Disaggregated revenue information *(continued)*

The following table shows the amounts of revenue from contracts with customers under HKFRS 15 recognised in the current reporting period that were included in the contract liabilities at the beginning of each reporting period:

	2024 **RMB'000**	2023 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of year:		
Short-term advances received from game publishing and IP licensing income	**23,859**	53,754
Sales of game points in self-developed games	**99,127**	61,606
	122,986	115,360

(b) Performance obligations of revenue from contracts with customers under HKFRS 15

Information about the Group's performance obligations is summarised below:

Publishing services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 180 days from the date of billing.

Game development related services

The performance obligation from self-developed and self-operating games is satisfied over the estimated Player Relation Period. The performance obligation from licensing self-developed games to other publishers as customer is satisfied over time during the licence period for granting the customer a right to access, or at a point in time for granting the customer a right to use.

Intellectual property licensing services

The performance obligation is satisfied over the license period (for a right to access) or at the point in time when the customer can first use the licensed intellectual property (for a right to use). Payment is generally due within 180 days from delivery.

5. REVENUE *(continued)*

(b) Performance obligations of revenue from contracts with customers under HKFRS 15 *(continued)*

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024 RMB'000	2023 RMB'000
Amounts expected to be recognised as revenue:		
Within one to two years	**117,834**	154,331

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one to two years. The amounts disclosed above do not include variable consideration which is constrained.

6. OTHER INCOME AND GAINS, NET

	2024 RMB'000	2023 RMB'000
Bank interest income (note 7)	**773**	1,567
Government grants*	**5,631**	28,680
Fair value adjustment of contingent consideration for business combination	**100,000**	68,925
Dividend income from financial assets at fair value through profit or loss	**—**	10,569
Others	**1,864**	7,685
	108,268	117,426

* Various government grants have been received from local government authorities. There are no unfulfilled conditions and other contingencies relating to these grants.

7. LOSS BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Commissions charged by publishing channels and third-party game developers[a]		**1,027,361**	1,264,338
Commissions charged by IPs owners		**81,314**	151,989
Promotion expenses		**468,317**	262,741
Employee benefit expense (excluding directors' remuneration (note 9)):			
Wages and salaries		**267,396**	303,238
Equity-settled share-based expense		**24,618**	21,753
Pension scheme contributions (defined contribution scheme)[b]		**31,789**	48,121
		323,803	373,112
Depreciation of property and equipment	14	**4,505**	6,458
Depreciation of right-of-use assets	15	**15,317**	13,916
Amortisation of other intangible assets	17	**127,024**	108,863
– included in cost of sales		**121,922**	102,853
– included in administrative expenses		**5,102**	6,010
Research and development costs		**344,541**	446,666
Less: Amounts capitalised in intangible assets	17	**(100,286)**	(76,410)
		244,255	370,256
Lease payments not included in the measurement of lease liabilities	15	**3,544**	6,569
Foreign exchange differences, net[d]		**1,925**	5,904
Loss on disposal of an investment in an associate [d]	19	**30,900**	—
Impairment of an investment in a joint venture[d]		**—**	4,684
Impairment of an investment in an associate[d]		**4,589**	846
Impairment of trade receivables, net	21	**175,843**	103,232
Impairment of/(reversal of impairment of) financial assets included in prepayments, other receivables and other assets	22	**79,730**	(13,296)
		255,573	89,936
Write-off of prepayments[c]		**211,827**	26,858
Impairment of goodwill	16	**546,759**	65,477
Impairment of other intangible assets	17	**211,557**	3,094
Bank interest income	6	**(773)**	(1,567)
Loss on disposal of items of property and equipment		**40**	333
Gain on lease modification	15	**(2,205)**	(317)
Auditor's remuneration		**6,100**	6,200
Fair value losses on financial assets at fair value through profit or loss		**696,299**	33,538
Fair value adjustment of contingent consideration for business combination		**(100,000)**	(68,925)

7. LOSS BEFORE TAX *(continued)*

(a) Zhejiang Century Huatong Group Co., Ltd ("Century Huatong"), a listed company on the Shenzhen Stock Exchange (SZSE: 002602), and a wholly-owned subsidiary of Century Huatong is a limited partner of Changpei (Shanghai) Investment Centre (Limited Partnership) ("Changpei Shanghai"). Pursuant to the partnership agreement of Changpei Shanghai, the general partner shall have the exclusive and sole right of management of the affairs of the partnership and limited partners shall have no power to conduct the business of the partnership nor shall limited partners represent the partnership. Also, limited partners shall not participate in the management or control of the investment business of the partnership. As Century Huatong does not have any voting rights in the Company through its holding vehicles or significant influence on the Company, the directors of the Company believe that Century Huatong is an independent third party to the Group. Century Huatong provided publishing channel services to the Group, which amounted to RMB44,941,000 during the year ended 31 December 2024 (2023: RMB53,835,000), and the balance of trade receivables from Century Huatong as at 31 December 2024 was RMB465,000 (2023: RMB909,000).

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

(c) Write-off of prepayments is presented as separate line item in the consolidated statement of profit or loss. These prepayments are related to certain mobile game projects which the Group had decided to terminate or the relevant prepaid licenses were expired during the year.

(d) Foreign exchange differences, net, loss on disposal of an investment in an associate and impairment loss on investments in an associate and a joint venture are included in "other expenses" in the consolidated statement of profit or loss.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 **RMB'000**	2023 RMB'000
Interest expenses on:		
Bank and other borrowings	**18,627**	17,917
Lease liabilities (note 15)	**1,225**	1,721
	19,852	19,638

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	**1,373**	1,242
Other emoluments:		
Salaries, allowances and benefits in kind	**3,239**	3,313
Equity-settled share-based expense	**2,664**	3,705
Pension scheme contributions	**145**	142
	7,421	8,402

On 29 March 2021, 27 May 2022, 20 January 2023 and 24 April 2024, certain directors of the Company were granted share options, in respect of their services to the Group, under the share incentive scheme of the Company, further details of which are set out in note 29 to the consolidated financial statements. The fair value of such granted options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant.

9. DIRECTORS' REMUNERATION *(continued)*

(a) Independent non-executive directors

The fees and equity-settled share-based expense paid to independent non-executive directors during the year were as follows:

2024	**Fees RMB'000**	**Equity-settled share-based expense RMB'000**	**Total remuneration RMB'000**
Independent non-executive directors:			
Mr. TANG Liang (唐亮)	**—**	**73**	**73**
Ms. NG Yi Kum (伍綺琴)	**219**	**73**	**292**
Mr. HO Orlando Yaukai (何猷啟)	**164**	**73**	**237**
	383	**219**	**602**

2023	Fees RMB'000	Equity-settled share-based expense RMB'000	Total remuneration RMB'000
Independent non-executive directors:			
Mr. TANG Liang (唐亮)	—	113	113
Ms. NG Yi Kum (伍綺琴)	216	114	330
Mr. HO Orlando Yaukai (何猷啟)	162	113	275
	378	340	718

9. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors and non-executive directors

2024	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share-based expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. XIAO Jian (肖健)	274	1,404	1,005	62	2,745
Mr. SIN Hendrick *M.H.* (冼漢迪)	274	1,239	1,005	16	2,534
Mr. FAN Yingjie (樊英傑)	164	596	292	67	1,119
	712	3,239	2,302	145	6,398
Non-executive director:					
Mr. JIANG Yukai (江育凱)	114	—	70	—	184
Mr. ZHANG Shengyan (張聖晏)	164	—	73	—	237
	990	3,239	2,445	145	6,819

2023	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share-based expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. XIAO Jian (肖健)	270	1,523	1,491	63	3,347
Mr. SIN Hendrick *M.H.* (冼漢迪)	270	1,196	1,491	16	2,973
Mr. FAN Yingjie (樊英傑)	162	594	275	63	1,094
	702	3,313	3,257	142	7,414
Non-executive director:					
Mr. ZHANG Shengyan (張聖晏)	162	-	108	-	270
	864	3,313	3,365	142	7,684

Note:

(a) Mr. Jiang Yukai who acts as the non-executive director of the Company was appointed on 22 April 2024.

(b) Mr. TANG Liang waived his own emolument of HK$180,000 (2023: HK$180,000) for the year ended 31 December 2024. Except that, there was no other arrangement under which a director waived any remuneration during the years ended 31 December 2024 and 2023.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two directors (2023: two directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are not a director of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**3,914**	8,743
Equity-settled share-based expense	**64**	1,152
Pension scheme contributions	**212**	143
	4,190	10,038

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
Nil to HK$1,000,000	**—**	—
HK$1,000,001 to HK$1,500,000	**2**	—
HK$1,500,001 to HK$2,000,000	**1**	—
HK$2,000,001 to HK$2,500,000	**—**	—
HK$2,500,001 to HK$3,000,000	**—**	1
HK$3,000,001 to HK$3,500,000	**—**	—
HK$3,500,001 to HK$4,000,000	**—**	1
HK$4,000,001 to HK$4,500,000	**—**	—
HK$4,500,001 to HK$5,000,000	**—**	1
	3	3

On 29 March 2021, 27 May 2022, 20 January 2023 and 24 April 2024, share options were granted to the three non-director highest paid employees in respect of their services to the Group, further details of which are set out in note 29 to the consolidated financial statements. The fair value of such granted options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant.

11 INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the BVI and the Cayman Islands (the "Cayman"), the Group is not subject to any income tax in the BVI and Cayman.

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Taxes on profits assessable in Mainland China have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. Pursuant to the PRC Corporate Income Tax Law (the "PRC Tax Law") effective on 1 January 2008, the PRC corporate income tax rate of the Group's subsidiaries operating in Mainland China during the reporting period was 25% of their taxable profits.

Shenzhen Douyue and Shenzhen Zhongshouyou were accredited as High and New Technology Enterprises ("HNTE") in 2020 under relevant PRC laws and regulations. Accordingly, Shenzhen Douyue and Shenzhen Zhongshouyou were entitled to a preferential Corporate Income Tax ("CIT") rate of 15%. The certificate was valid for three years since its renewal in 2023.

Chengdu Zhuoxing was accredited as HNTE in 2022 under relevant PRC laws and regulations. Accordingly, Chengdu Zhuoxing was entitled to a preferential CIT rate of 15% from 2022 to 2025.

Wenmai Hudong was accredited as a HNTE since 2016 and is entitled to a tax rate of 15% as the certificate was valid for three years since its renewal in 2022.

Beijing Softstar has been accredited as a HNTE since 2009 and was entitled to a tax rate of 15% as the certificate was valid for three years since its renewal in 2021.

11 INCOME TAX *(continued)*

Shengyue Software was accredited as a "software enterprise" in 2019 under relevant PRC laws and regulations. Accordingly, it was entitled to tax exemption from 2020 to 2021 and is entitled to a preferential CIT rate of 12.5% from 2022 to 2024.

Tibet Jichuang was established in Lhasa, Tibet. According to the applicable regulations promulgated by the State Council and relevant authorities, the applicable tax rate for Tibet Jichuang was 15% for the year ended 31 December 2023 and 2024.

Hainan Chuangyue and Hainan Zhanshen were established in the Hainan Free Trade Port. According to the applicable regulations promulgated by the State Council and relevant authorities, the applicable tax rate for Hainan Chuangyue and Hainan Zhanshen was 15% each for the year ended 31 December 2023 and 2024.

Shanghai Fanying was accredited as a "software enterprise" in 2021 under relevant PRC laws and regulations. According to relevant policies, it was entitled to tax exemption from 2021 to 2022 and is entitled to a preferential CIT rate of 12.5% from 2023 to 2025.

Shenzhen Fansheng was accredited as a "software enterprise" in 2021 under relevant PRC laws and regulations. According to relevant policies, it was entitled to tax exemption from 2023 to 2024 and is entitled to a preferential CIT rate of 12.5% from 2025 to 2027.

Super Deduction

According to a policy 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 175% of their research and development ("R&D") expenses incurred as tax deductible expenses in determining tax assessable profits. Certain qualified subsidiaries of the Group have claimed such super deduction in ascertaining its tax assessable profits/(losses) for the years ended 31 December 2024 and 2023 respectively.

On 26 March 2023, the State Tax Bureau of the PRC issued the Public Notice 2023 No.7, announcing that the enterprises engaging in research and development activities are entitled to claim 200% of their "R&D" expenses incurred as tax deductible expenses in determining tax assessable profits from 2023 onwards. Certain qualified subsidiaries of the Group have claimed such super deduction in ascertaining their tax assessable profits/(losses) for the years ended 31 December 2024 and 2023 respectively.

11 INCOME TAX *(continued)*

The major components of the income tax (credit)/expense for the year are as follows:

	2024 RMB'000	2023 RMB'000
Current tax expense		
PRC	**22,624**	25,874
Hong Kong		
Charge for the year	**—**	—
Under/(over)-provision in prior years	**1,091**	(7,912)
Elsewhere	**505**	2,154
Total	**24,220**	20,116
Deferred tax credit (note 27)		
PRC	**(56,283)**	(7,804)
Total tax (credit)/expense for the year	**(32,063)**	12,312

11 INCOME TAX *(continued)*

A reconciliation of the tax (credit)/expense applicable to loss before tax at the statutory rate of Mainland China (i.e., 25%) where the main operating entity is domiciled to the tax (credit)/expense at the effective tax rate as follows:

	2024 RMB'000	2023 RMB'000
Loss before tax	**(2,142,882)**	(25,729)
Tax at the statutory tax rate	**(535,721)**	(6,432)
Effect of different applicable tax rates for specific jurisdictions or enacted by local authority	**265,322**	(28,876)
Profits and losses attributable to a joint venture and associates	**(1,289)**	(3,331)
Super deduction for research and development expenses	**(20,164)**	(29,738)
Expenses not deductible for tax	**126,252**	10,131
Under/(over)-provision of income tax in previous years	**1,091**	(7,912)
Utilisation of previously unrecognised tax losses	**(5,666)**	(9,692)
Effect of tax losses not recognised	**138,112**	88,162
Tax (credit)/expense at the Group's effective rate	**(32,063)**	12,312

Pursuant to the PRC Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10% and may be reduced to 5% if certain criteria could be met under the Double Taxation Arrangement (Hong Kong). The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2024, no deferred tax (2023: Nil) has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries, joint venture and associates established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries, joint venture and associates in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB166,990,000 (2023: RMB285,140,000).

12. DIVIDENDS

The board of directors of the Company has resolved not to recommend payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

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

The calculation of the basic loss per share amounts is based on the loss for the years attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

The Group had no dilutive potential ordinary shares in issue during the year ended 31 December 2024 and 2023 for the exercise price of the share options exceeds the average market price of the ordinary shares during the respective period. Therefore, both basic and diluted loss per share are the same.

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

	2024 **RMB'000**	2023 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(2,105,005)**	(20,079)

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**2,823,325,000**	2,752,672,000

14. PROPERTY AND EQUIPMENT

	Electronic devices RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Total RMB'000
31 December 2024					
At 1 January 2024:					
Cost	19,147	193	13,357	6,395	39,092
Accumulated depreciation	(11,606)	(193)	(12,927)	(144)	(24,870)
Net carrying amount	7,541	—	430	6,251	14,222
At 1 January 2024, net of accumulated depreciation	7,541	—	430	6,251	14,222
Additions	1,933	—	—	—	1,933
Disposals	(53)	—	—	—	(53)
Depreciation provided during the year (note 7)	(3,931)	—	(430)	(144)	(4,505)
Exchange realignment	2	—	—	—	2
At 31 December 2024, net of accumulated depreciation	5,492	—	—	6,107	11,599
At 31 December 2024:					
Cost	20,899	193	12,627	6,395	40,114
Accumulated depreciation	(15,407)	(193)	(12,627)	(288)	(28,515)
Net carrying amount	5,492	—	—	6,107	11,599

14. PROPERTY AND EQUIPMENT *(continued)*

	Electronic devices RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Total RMB'000
31 December 2023					
At 1 January 2023:					
Cost	18,985	193	18,958	6,395	44,531
Accumulated depreciation	(9,125)	(193)	(17,340)	—	(26,658)
Net carrying amount	9,860	—	1,618	6,395	17,873
At 1 January 2023, net of accumulated depreciation	9,860	—	1,618	6,395	17,873
Additions	3,344	—	53	—	3,397
Disposals	(662)	—	—	—	(662)
Depreciation provided during the year (note 7)	(5,004)	—	(1,310)	(144)	(6,458)
Exchange realignment	3	—	69	—	72
At 31 December 2023, net of accumulated depreciation	7,541	—	430	6,251	14,222
At 31 December 2023:					
Cost	19,147	193	13,357	6,395	39,092
Accumulated depreciation	(11,606)	(193)	(12,927)	(144)	(24,870)
Net carrying amount	7,541	—	430	6,251	14,222

15. LEASES

The Group leases certain of its office properties under operating lease arrangements. Leases for office properties are for terms ranging from one to five years.

The Group also leased certain office premises under short-term (i.e., within 12 months) lease arrangements. The Group has elected not to recognise right-of-use assets on these short-term lease contracts.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	2024 **RMB'000**	2023 RMB'000
As at 1 January	**24,860**	40,904
Additions	**28,813**	2,492
Effect of modification to lease terms	**(15,924)**	(4,576)
Depreciation charge (note 7)	**(15,317)**	(13,916)
Exchange realignment	**10**	(44)
As at 31 December	**22,442**	24,860

15. LEASES *(continued)*

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**26,907**	42,491
New leases	**28,813**	2,492
Effect of modification to lease terms	**(18,129)**	(4,893)
Accretion of interest recognised during the year (note 8)	**1,225**	1,721
Payments	**(16,324)**	(14,861)
Exchange realignment	**11**	(43)
Carrying amount at 31 December	**22,503**	26,907
Analysed into:		
Current portion	**12,446**	11,077
Non-current portion	**10,057**	15,830

The maturity analysis of lease liabilities is disclosed in note 37 to the consolidated financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities (note 8)	**1,225**	1,721
Depreciation charge of right-of-use assets (note 7)	**15,317**	13,916
Expense relating to short-term leases (note 7)	**3,544**	6,569
Gain on lease modification (note 7)	**(2,205)**	(317)
Total amount charged in profit or loss	**17,881**	21,889

(d) The total cash outflows for leases is disclosed in note 31(c) to the consolidated financial statements.

16. GOODWILL

	RMB'000
At 1 January 2023:	
Cost	1,147,749
Accumulated impairment	(22,968)
Net carrying amount	1,124,781
Cost at 1 January 2023, net of accumulated impairment	1,124,781
Impairment during the year (note 7)	(65,477)
Net carrying amount at 31 December 2023	1,059,304
At 31 December 2023 and 1 January 2024:	
Cost	1,147,749
Accumulated impairment	(88,445)
Net carrying amount	1,059,304
Cost at 1 January 2024, net of accumulated impairment	**1,059,304**
Impairment during the year (note 7)	**(546,759)**
Net carrying amount at 31 December 2024	**512,545**
At 31 December 2024:	
Cost	**1,147,749**
Accumulated impairment	**(635,204)**
Net carrying amount	**512,545**

Impairment testing of goodwill

As at 31 December 2024, goodwill is allocated to CGUs namely the Mobile Game Publishing CGU, the Wenmai Hudong CGU, the Beijing Softstar CGU, the Shanghai Zhoujing CGU for impairment testing. The recoverable amounts of the CGUs have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The growth rate beyond the five-year period had been projected as 2%.

16. GOODWILL *(continued)*

Impairment testing of goodwill *(continued)*

The respective recoverable amounts and the carrying values of the Mobile Game Publishing CGU, the Wenmai Hudong CGU, the Beijing Softstar CGU and Shanghai Zhoujing CGU as at 31 December 2024 and 2023 are as follows:

Mobile Game Publishing CGU:

	2024 RMB'000	2023 RMB'000
Recoverable amount	**1,620,000**	1,720,000
Carrying value including allocated goodwill	**1,412,746**	1,408,572

Wenmai Hudong CGU:

	2024 RMB'000	2023 RMB'000
Recoverable amount	**140,768**	672,380
Carrying value including allocated goodwill	**140,768**	672,380

Beijing Softstar CGU:

	2024 RMB'000	2023 RMB'000
Recoverable amount	**531,657**	631,225
Carrying value including allocated goodwill	**496,994**	521,542

Shanghai Zhoujing CGU:

	2024 RMB'000	2023 RMB'000
Recoverable amount	**—**	52,000
Carrying value including allocated goodwill	**—**	33,027

16. GOODWILL *(continued)*

Impairment testing of goodwill *(continued)*

The pre-tax discount rates applied to the cash flow projections, the forecasted growth rates and gross margin used to extrapolate cash flow projections and terminal growth rates are follows:

Mobile Game Publishing CGU:

	2024	2023
Growth rates (during the five-year period)	**8%-33%**	2%-127%
Gross margin	**37%**	39%
Pre-tax discount rate	**16%**	16%
Terminal growth rate	**2%**	2%

Wenmai Hudong CGU:

	2024	2023
Growth rates (during the five-year period)	**2%-157%**	16%-213%
Gross margin	**11%**	14%
Pre-tax discount rate	**19%**	19%
Terminal growth rate	**2%**	2%

Beijing Softstar CGU:

	2024	2023
Growth rates (during the five-year period)	**5%-48%**	(14%)-18%
Gross margin	**64%**	90%
Pre-tax discount rate	**20%**	19%
Terminal growth rate	**2%**	2%

Shanghai Zhoujing CGU:

	2024	2023
Growth rates (during the five-year period)	**—%**	5%-44%
Gross margin	**—%**	79%
Pre-tax discount rate	**—%**	29%
Terminal growth rate	**—%**	2%

16. GOODWILL *(continued)*

Impairment testing of goodwill *(continued)*

Assumptions were used in the value-in-use calculation of the CGUs for 31 December 2024 and 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth rate - The revenue growth rate is based on the average growth achieved in the past years and the expected revenue from newly launched games.

Budgeted gross margins - The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the past years and the expectation for market development.

Discount rate - The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to the key assumptions on market development and the discount rate are consistent with external information sources.

Game development operation of Wenmai Hudong CGU

During the year ended 31 December 2024, management of the Group has provided impairment loss on goodwill of RMB529,915,000 (2023: RMB65,477,000) allocated to game development operation of Wenmai Hudong CGU to write down their carrying amounts to RMB140,768,000 (2023: RMB672,380,000), since the annual results of Wenmai Hudong CGU have underperformed with loss results.

Game development operation of Shanghai Zhoujing CGU

During the year ended 31 December 2024, management of the Group has provided impairment loss on goodwill of RMB16,844,000 (2023: Nil) allocated to game development operation of Shanghai Zhoujing CGU to write down their recoverable amounts to nil due to their closure of business under the Group's latest strategy.

17. OTHER INTANGIBLE ASSETS

	IP licenses RMB'000	CP licenses RMB'000	Computer software RMB'000	Copyrights RMB'000	Development expenditure RMB'000	IP rights of Legend of Sword and Fairy RMB'000	Others RMB'000	Total RMB'000
Cost at 1 January 2024, net of accumulated amortisation and impairment	**44,058**	**64,542**	**2,725**	**—**	**76,410**	**417,888**	**5,042**	**610,665**
Additions	**48,066**	**98,702**	**—**	**—**	**100,286**	**44,778**	**—**	**291,832**
Amortisation provided during the year (note 7)	**(59,655)**	**(41,479)**	**(1,330)**	**—**	**—**	**(24,224)**	**(336)**	**(127,024)**
Impairment during the year (note 7)	**(2,291)**	**(49,918)**	**—**	**—**	**(157,697)**	**—**	**(1,651)**	**(211,557)**
Exchange realignment	**(19)**	**(5)**	**—**	**—**	**—**	**(12)**	**—**	**(36)**
At 31 December 2024	**30,159**	**71,842**	**1,395**	**—**	**18,999**	**438,430**	**3,055**	**563,880**
At 31 December 2024:								
Cost	**126,538**	**211,294**	**13,690**	**79,000**	**176,696**	**513,688**	**3,070**	**1,123,976**
Accumulated amortisation and impairment	**(96,379)**	**(139,452)**	**(12,295)**	**(79,000)**	**(157,697)**	**(75,258)**	**(15)**	**(560,096)**
Net carrying amount	**30,159**	**71,842**	**1,395**	**—**	**18,999**	**438,430**	**3,055**	**563,880**

	IP licenses RMB'000	CP licenses RMB'000	Computer software RMB'000	Copyrights RMB'000	Development expenditure RMB'000	IP rights of Legend of Sword and Fairy RMB'000	Others RMB'000	Total RMB'000
Cost at 1 January 2023, net of accumulated amortisation and impairment	52,872	27,971	5,707	—	—	441,334	10,881	538,765
Additions	13,709	93,131	22	—	76,410	—	—	183,272
Amortisation provided during the year (note 7)	(22,818)	(56,589)	(3,004)	—	—	(23,446)	(3,006)	(108,863)
Impairment during the year (note 7)	—	(261)	—	—	—	—	(2,833)	(3,094)
Exchange realignment	295	290	—	—	—	—	—	585
At 31 December 2023	44,058	64,542	2,725	—	76,410	417,888	5,042	610,665
At 31 December 2023:								
Cost	151,674	210,538	13,864	79,000	76,410	468,910	5,900	1,006,296
Accumulated amortisation and impairment	(107,616)	(145,996)	(11,139)	(79,000)	—	(51,022)	(858)	(395,631)
Net carrying amount	44,058	64,542	2,725	—	76,410	417,888	5,042	610,665

17. OTHER INTANGIBLE ASSETS *(continued)*

Development expenditure are internally generated. All of the Group's IP licenses, CP licenses, computer software, certain copyrights and IP rights of Legend of Sword and Fairy were acquired from third parties.

Impairment tests for development expenditure

The Group assessed the recoverable amount of development expenditure based on value in use calculations and as a result the carrying amount of the development expenditure was written down to its recoverable amount of approximately RMB18,999,000 as at 31 December 2024 as defects have been noted in corresponding game, of which potential market performance would be seriously affected. Accordingly, an impairment on other intangible assets of approximately RMB157,697,000 was recognised for the year ended 31 December 2024 (2023: Nil).

The discount rates applied to the cash flow projection is as follows:

	2024 RMB'000	2023 RMB'000
Discount rate	**17%**	—

18. INVESTMENT IN A JOINT VENTURE

	2024 RMB'000	2023 RMB'000
Share of net assets	**—**	4,684
Accumulated provision for impairment loss	**—**	(4,684)
	—	—

The Group's joint venture is as follows:

Name	**Particulars of registered capital held**	**Place of registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activity**
Shenzhen Boliang Technology Co., Ltd. (深圳博良科技有限公司)	Nil (2023: RMB850,000 as registered capital)	PRC/ Mainland China	— (2023: 60%)	Mobile game development

Note:

(a) The above investment was held through a wholly-owned subsidiary of the Company.

(b) Shenzhen Boliang Technology Co., Ltd. was deregistered during the year ended 31 December 2024.

19. INVESTMENTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Share of net assets	**77,664**	75,670
Goodwill on acquisition	**101,623**	148,403
Accumulated impairment	**(58,937)**	(64,744)
	120,350	159,329

The Group's trade payable and other payable balances with the associates are disclosed in note 34 to the consolidated financial statements.

Particulars of the Group's associates are as follows:

Name	Particulars of registered capital held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Shanghai Fengguo Network Technology Co., Ltd. (上海蜂果網絡科技有限公司)	RMB1,551,254	PRC/ Mainland China	43.47%	Mobile game development
Shenzhen Zhichengqianli Investment Enterprise (Limited Partnership) (深圳市志成千里投資企業(有限合夥))	RMB101,500,000	PRC/ Mainland China	49.26%	Investment
Shenzhen Sparks Interactive Entertainment Co., Ltd. (深圳市火花幻境互動娛樂有限公司)	RMB156,250	PRC/ Mainland China	- * (2023: 20%)	Mobile game development
Hangzhou Huanwen Technology Co., Ltd. (杭州幻文科技有限公司)	RMB10,000,000	PRC/ Mainland China	19.5%	Mobile game development
Guangzhou Zhonghui Digital Co., Ltd. (廣州中繪數碼有限公司)	RMB1,200,000	PRC/ Mainland China	25%	Provision of software and information technology services

* On 1 December 2024, the Group entered into capital reduction agreement to return the entire 20% equity interest in Shenzhen Sparks Interactive Entertainment Co., Ltd at consideration of RMB7,500,000. The transaction was completed on 1 December 2024.

Note:

Shanghai Fengguo Network Technology Co., Ltd, Shenzhen Zhichengqianli Investment Enterprise (Limited Partnership), Shenzhen Sparks Interactive Entertainment Co., Ltd, and Hangzhou Huanwen Technology Co., Ltd are considered material associates of the Group, being strategic partners of the Group and were accounted for using the equity method.

19. INVESTMENTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised financial information in respect of Shanghai Fengguo Network Technology Co., Ltd, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2024 RMB'000	2023 RMB'000
Current assets	**52,115**	35,490
Non-current assets	**5,192**	5,615
Current liabilities	**(40,747)**	(18,813)
Net assets	**16,560**	22,292
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**43.47%**	43.47%
Group's share of net assets of the associate	**1,383**	3,874
Goodwill on acquisition	**64,750**	64,750
Carrying amount of the investment	**66,133**	68,624
Revenue	**80,365**	94,031
(Loss)/ profit for the year	**(5,732)**	4,846
Total comprehensive (loss)/income for the year	**(5,732)**	4,846
Dividend received from associate	**—**	—

19. INVESTMENTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised financial information in respect of Shenzhen Zhichengqianli Investment Enterprise (Limited Partnership), adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2024 **RMB'000**	2023 RMB'000
Current assets	**9,291**	9,975
Non-current assets	**92,700**	79,300
Current liabilities	**(1,540)**	(1,708)
Net assets	**100,451**	87,567
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**49.26%**	49.26%
Group's share of net assets of the associate	**49,482**	43,136
Goodwill on acquisition	**4,205**	4,205
Carrying amount of the investment	**53,687**	47,341
Revenue	**—**	—
Profit for the year	**12,884**	46,329
Total comprehensive income for the year	**12,884**	46,329
Dividend received from associate	**—**	—

19. INVESTMENTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised financial information in respect of Shenzhen Sparks Interactive Entertainment Co., Ltd., adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2023 RMB'000
Current assets	14,385
Non-current assets	921
Current liabilities	(3,416)
Net assets	11,890
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	20.0%
Group's share of net assets of the associate	2,390
Goodwill on acquisition	46,780
Accumulated impairment	(5,806)
Carrying amount of the investment	43,364

	From 1 January 2024 to 1 December 2024 (the date of disposal) RMB'000	For the year ended 31 December 2023 RMB'000
Revenue	**13,126**	21,603
Loss for the year	**(1,875)**	(599)
Total comprehensive loss for the year	**(1,875)**	(599)
Dividend received from associate	**—**	—

19. INVESTMENTS IN ASSOCIATES *(continued)*

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of the associates' profit for the year	**530**	26,157
Share of the associates' total comprehensive income	**530**	26,157
Aggregate carrying amount of the Group's investments in the associates	**530**	—

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Non-current assets		
Listed equity investments, at fair value	**63,296**	201,133
Unlisted equity investments, at fair value	**883,656**	1,251,887
Convertible loans and other debt instrument, at fair value	**291,557**	568,024
	1,238,509	2,021,044

In May 2018, the Group acquired 26% of the issued shares of Angel Fund (Asia) Investments Limited ("Angel Fund") from Angel (Partners) Investments Limited with the consideration of 1,270,963 issued shares of Ridgeview Well Investment Limited, the then sole shareholder of the Company. Angel Fund held 9,740,562 shares, representing 20.368% of the total issued shares of Softstar Entertainment Inc, which is a company listed on the Taiwan Stock Exchange (TAIPEI: 6111). The fair value of the investment in Angel Fund was RMB39,906,000 as at 31 December 2023. In September 2024, the Group disposed its entire 26% interest in Angel Fund at a consideration of RMB37,000,000 to an independent third party of the Group. The consideration receivable is included in other receivables (note 22) of which 50% is due beyond twelve months after the reporting period, and is classified under non-current portion.

In April 2018, CMGE Group Limited transferred the investment in CPC Fund to the Group. In June 2018, the Group injected cash of US$8,300,000 (equivalent to RMB54,442,000) to CPC Fund. The Group acted as a limited partner and held 25.65% of its limited partnership interests. The fair value of the investment in CPC Fund was RMB227,526,000 (2023: RMB218,359,000) as at 31 December 2024.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

In February 2020, Angel Venture has been set up after obtaining all the related licences and approval documentation. The fair value of the investment in Angel Venture was RMB211,000,000 (2023: RMB219,000,000) as at 31 December 2024.

The Group holds 25.65% and 39.01% limited partnership interests in CPC Fund, and Angel Venture, respectively. Pursuant to the relevant agreements of these two funds, the Group is entitled to investment return, but has no right or power to participate in the management or control of the funds. Therefore, the Group has neither control nor significant influence on CPC Fund and Angel Venture and they are treated as financial instruments at fair value through profit or loss.

21. TRADE AND BILLS RECEIVABLES

	2024 **RMB'000**	2023 RMB'000
Trade receivables	**1,254,339**	1,450,544
Allowance for impairment	**(436,808)**	(263,408)
Trade receivables, net	**817,531**	1,187,136
Bills receivable	**28,814**	—
Trade and bills receivables, net	**846,345**	1,187,136

Trade receivables mainly represent amounts receivable from third-party publishing channels. The Group normally allows credit terms of 180 days for established channels and other counterparties and extends credit terms up to 270 days for major channels and other major counterparties. Bills receivables are received from independent customers under the ordinary course of business. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing.

21. TRADE AND BILLS RECEIVABLES *(continued)*

The Group's bills receivable of RMB28,814,000 as at 31 December 2024 (2023: Nil) were transferred to banks by discounting on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount and has recognised the cash received on the transfer as a collateralised borrowing (see note 26). These financial assets are carried at amortised cost in the consolidated statement of financial position.

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

	2024	2023
	RMB'000	RMB'000
Within 6 months	**365,996**	746,711
6 months to 1 year	**180,511**	325,281
1 year to 18 months	**136,640**	52,405
18 months to 2 years	**117,213**	36,474
Over 2 years	**17,171**	26,265
	817,531	1,187,136

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	RMB'000
At beginning of year	**263,408**	161,303
Provision for impairment losses, net (note 7)	**175,843**	103,232
Receivable written off during the year as uncollectible	**(2,443)**	(1,127)
At end of year	**436,808**	263,408

The Group applies the simplified approach in calculating expected credit losses ("ECL") under HKFRS 9, and the provision rates are based on days past due for groupings of various customer segments with similar loss patterns. For certain trade receivables for which the counterparty failed to make demanded repayment, the Group has made a 100% provision ("default receivables"). Except for default receivables, the Group used the calculation which reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

21. TRADE AND BILLS RECEIVABLES *(continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Amount RMB'000	Expected credit loss rate	Impairment RMB'000
Default receivables	**3,526**	**100.0%**	**3,526**
Other trade receivables aged:			
Current	**404,529**	**9.5%**	**38,531**
Past due for less than 6 months	**238,574**	**24.3%**	**58,063**
Past due for 6 months to 1 year	**198,233**	**31.1%**	**61,594**
Past due for 1 year to 18 months	**190,164**	**38.3%**	**72,951**
Past due for 18 months to 24 months	**53,937**	**68.2%**	**36,767**
Past due for over 24 months	**165,376**	**100.0%**	**165,376**
	1,254,339		**436,808**

As at 31 December 2023

	Amount RMB'000	Expected credit loss rate	Impairment RMB'000
Default receivables	3,461	100.0%	3,461
Other trade receivables aged:			
Current	776,207	3.8%	29,496
Past due for less than 6 months	368,382	11.7%	43,101
Past due for 6 months to 1 year	67,186	22.0%	14,781
Past due for 1 year to 18 months	61,820	41.0%	25,346
Past due for 18 months to 24 months	79,111	66.8%	52,846
Past due for over 24 months	94,377	100.0%	94,377
	1,450,544		263,408

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Non-current portion		
Prepayments*	**887,365**	910,287
Other receivables**	**15,042**	—
	902,407	910,287
Current portion		
Prepayments*	**479,658**	519,035
Deposits and other receivables**	**121,222**	205,595
Contract costs***	**37,635**	84,362
	638,515	808,992
	1,540,922	1,719,279

* During the process of developing and publishing mobile games, certain prepayments are agreed to be and have been made by the Group pursuant to the relevant game production contracts entered into with the game developers or licensors of the relevant IP rights. These prepayments are commonly known in the industry as prepaid minimum guarantees and prepaid licence fees.

Prepaid minimum guarantees are made by the Group as game publishers to game developers before the release of the games. Prepaid minimum guarantees serve as an incentive to encourage game developers to devote resources into the research and development of certain games and are used to guarantee the collaboration between the Group (as game publishers) and the game developers in relation to the publishing of the games.

Prepaid licence fees are fixed fees made by the Group as game publishers to game developers or licensors as consideration for acquiring the rights to use the IP, the dealership rights or the distribution rights of certain games.

Prepayments as at 31 December 2024 mainly included prepaid minimum guarantees of approximately RMB443,293,000 (2023: RMB513,229,000) and prepaid licence fees of approximately RMB737,550,000 (2023: RMB899,731,000).

** Deposits and other receivables as at 31 December 2024 mainly included receivable from disposal of investments of approximately RMB36,083,000 (2023: RMB60,255,000), deductible Input VAT of approximately RMB26,449,000 (2023: RMB34,960,000) and deposit for expense mainly including marketing of approximately RMB14,304,000 (2023: RMB86,576,000).

*** Contract costs relate to commissions charged by the platforms which meet the contract acquisition cost capitalisation criteria. They are capitalised as contract acquisition costs and amortised over the Player Relation Period, which is consistent with the pattern of recognition of the associated revenue. The Group had no impairment losses recognised on contract costs.

The financial assets included in the deposits and other receivables for which there was no recent history of default and past due amounts except for the gross carrying amount for receivables of RMB130,015,000 (2023: RMB91,768,000) which is considered as credit-impaired at 31 December 2024 and is classified as stage 3.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(continued)*

The following table shows reconciliation of impairment loss allowance that has been recognised for financial assets included in prepayments, other receivables and other assets:

	12-month ECLs	Lifetime ECLs		
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January 2023	—	—	95,161	95,161
Changes due to financial instruments recognised as at 1 January 2023:				
– Reversal of impairment loss (note 7)	—	—	(13,296)	(13,296)
– Write-off			(13,992)	(13,992)
Exchange realignment	—	—	91	91
As at 31 December 2023 and 1 January 2024	—	—	67,964	67,964
Changes due to financial instruments recognised as at 1 January 2024:				
– Impairment loss recognised (note 7)	**—**	**—**	**79,730**	**79,730**
– Decrease from derecognition of financial assets in the year	**—**	**—**	**(17,376)**	**(17,376)**
– Write-off	**—**	**—**	**(831)**	**(831)**
Exchange realignment	**—**	**—**	**528**	**528**
As at 31 December 2024	**—**	**—**	**130,015**	**130,015**

23. CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	**101,756**	210,609

At the end of the reporting period, most of the cash and bank balances of the Group were denominated in RMB. The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

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

	2024 RMB'000	2023 RMB'000
Within 3 months	**92,507**	93,933
3 to 6 months	**51,434**	54,625
6 months to 1 year	**25,450**	47,358
Over 1 year	**49,192**	65,138
Total	**218,583**	261,054

The trade payables are non-interest-bearing and are normally settled on 180-day terms.

25. OTHER PAYABLES AND ACCRUALS AND CONTINGENT CONSIDERATION FOR BUSINESS COMBINATION

	2024 RMB'000	2023 RMB'000
Contingent consideration for business combination	—	100,000
Contract liabilities*	117,834	154,331
Salary and welfare payables	27,475	25,798
Other tax payables	28,065	45,748
Accruals	50,728	65,847
Other payables**	21,717	19,832
	245,819	311,556
	245,819	411,556

* Details of contract liabilities are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Game publishing and licensing income	74,227	40,397	81,370
Self-developed and self-operating games	43,607	113,934	47,471
	117,834	154,331	128,841

** Other payables are non-interest-bearing and repayable on demand.

26. BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate per annum(%)	Maturity	RMB'000	Effective interest rate per annum(%)	Maturity	RMB'000
Current						
Bank loans – secured	N/A	2025	28,814	—	—	—
Bank loans – unsecured	2.02-4.70	2025	461,992	1.80-5.50	2024	495,000
Other loans – unsecured	5.00-12.00	2025	22,000	—	—	—
			512,806			495,000

The bank and other borrowings bear interest at fixed rate, and repayable within one year after the reporting period.

The bank loans were secured by the Group's bills receivable with carrying amount of RMB28,814,000 as at 31 December 2024. (2023: Nil).

27. DEFERRED TAX

The movements in gross deferred tax assets during the reporting period are as follows:

	Deferred tax assets					
	Impairment of financial and contract assets RMB'000	Write-off of prepayments RMB'000	Impairment of other intangible assets RMB'000	Revaluation of financial assets at fair value through profit or loss RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 1 January 2023	18,743	11,619	4,011	—	24,043	58,416
Deferred tax credited to the consolidated statement of profit or loss during the year	7,021	3,571	—	—	4,862	15,454
At 31 December 2023	25,764	15,190	4,011	—	28,905	73,870
At 1 January 2024	**25,764**	**15,190**	**4,011**	**—**	**28,905**	**73,870**
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	**47,376**	**(6,558)**	**—**	**27,412**	**(3,114)**	**65,116**
At 31 December 2024	**73,140**	**8,632**	**4,011**	**27,412**	**25,791**	**138,986**

The movements in gross deferred tax liabilities during the reporting period are as follows:

	Deferred tax liabilities		
	Revaluation of financial assets at fair value through profit or loss RMB'000	Development costs RMB'000	Total RMB'000
At 1 January 2023	58,203	17,271	75,474
Deferred tax charged to the consolidated statement of profit or loss during the year	4,698	2,952	7,650
At 31 December 2023	62,901	20,223	83,124
At 1 January 2024	**62,901**	**20,223**	**83,124**
Deferred tax (credited)/charged to the consolidated statement of profit or loss during the year	**(20,670)**	**29,503**	**8,833**
At 31 December 2024	**42,231**	**49,726**	**91,957**

27. DEFERRED TAX *(continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**113,036**	73,870
Net deferred tax liabilities recognised in the consolidated statement of financial position	**66,007**	83,124

Deferred tax assets have not been recognised in respect of the following item:

	2024 RMB'000	2023 RMB'000
Tax losses	**2,139,296**	1,310,911

The tax losses are available in five years, in ten years and indefinitely for offsetting against future taxable profits arising from Mainland China, Taiwan and Hong Kong, respectively. Moreover, the tax losses of HNTE are available in ten years for offsetting against future taxable profits arising from Mainland China. Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that taxable profits will be available against which the above item can be utilised.

28. SHARE CAPITAL

Shares

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 20 March 2018 with an authorised share capital of US$50,000 divided into 5,000,000,000 shares of US$0.0001 each.

	2024 RMB'000	2023 RMB'000
Issued and fully paid:		
2,995,413,777 (2023: 2,752,672,000) ordinary shares at US$0.0001 each	**2,089**	1,915

28. SHARE CAPITAL *(continued)*

Shares *(continued)*

A summary of movements in the Company's issued share capital is as follows:

	Number of ordinary shares	Amount RMB'000
At 1 January 2023	2,768,050,000	1,925
Cancellation of shares (note a)	(15,378,000)	(10)
At 31 December 2023 and 1 January 2024	2,752,672,000	1,915
Issuance of new shares (note b)	**243,777,777**	**175**
Cancellation of shares (note c)	**(1,036,000)**	**(1)**
At 31 December 2024	**2,995,413,777**	**2,089**

Notes:

(a) A total of 15,378,000 ordinary shares (previously repurchased on market in September and October 2022) were cancelled on 3 April 2023.

(b) On 22 July 2024, pursuant to the subscription agreement entered into with an independent third-party on 29 May 2024, all conditions precedent to the subscription agreement to allot and issue 100,000,000 subscription shares at the price of HK$1.68 per subscription share for a total consideration of HK$168,000,000 have been fulfilled and the completion took place on the same date. Further details of the completion of the subscription are set out in the Company's announcements dated 29 May 2024 and 22 July 2024.

On 13 October 2024, pursuant to the three subscription agreements entered into with independent third-parties on 10 October 2024, all conditions precedent to the subscription agreements to allot and issue 105,777,777 subscription shares at the price of HK$0.90 per subscription share for a total consideration of HK$95,200,000 have been fulfilled and the completion took place on 22 October 2024. Further details of the completion of the subscription are set out in the Company's announcements dated 13 October 2024 and 22 October 2024.

On 1 November 2024, pursuant to the assignment agreement entered into with an independent third party on 11 September 2024 to acquire certain intellectual property rights in relation to Legend of Sword and Fairy, all conditions precedent to the assignment agreement to allot and issue 38,000,000 consideration shares have been fulfilled and the completion took place on the same date. Further details of the completion of the transaction are set out in the Company's announcements dated on 11 September 2024 and 1 November 2024.

(c) A total of 1,036,000 ordinary shares (previously repurchased on market in April 2024) were cancelled on 19 December 2024.

29. SHARE-BASED COMPENSATION

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, and other employees of the Group.

On 29 March 2021, the Company granted options to subscribe for a total of 50,000,000 ordinary shares to eligible participants of the Group to incentivise and reward the eligible persons for their contribution to the Group ("2021 Share Options").

On 27 May 2022, the Company granted options to subscribe for a total of 2,080,000 ordinary shares to eligible participants of the Group to incentivise and reward the eligible persons for their contribution to the Group ("2022 Share Options").

On 20 January 2023, the Company granted options to subscribe for a total of 50,000,000 ordinary shares to eligible participants of the Group to incentivise and reward for their contribution to the Group ("2023 Share Options").

On 24 April 2024, the Company granted options to subscribe for a total of 80,000,000 ordinary shares to eligible participants of the Group to incentivise and reward for their contribution to the Group ("2024 Share Options").

2021 Share Options, 2022 Share Options, 2023 Share Options and 2024 Share Options do not confer rights on the holders to dividends or to vote at shareholders' meeting.

The following share options were outstanding under the Scheme during the year:

	2024		2023	
	Weighted average exercise price HK$ per share	**Number of options '000**	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	**2.67**	**83,176**	2.90	37,077
Granted during the year	**1.50**	**80,000**	2.50	50,000
Forfeited during the year	**1.53**	**(1,357)**	2.68	(3,901)
Exercised during the year	**—**	**—**	—	—
Expired during the year	**2.90**	**(35,327)**	—	—
At 31 December	**1.88**	**126,492**	2.67	83,176

29. SHARE-BASED COMPENSATION *(continued)*

The exercise prices and exercise periods of the share options outstanding as at 31 December 2024 and 2023 are as follows:

2024

Number of options '000	Exercise price HK$ per share	Exercise period
25,000	**2.50**	**20 January 2023 to 19 January 2026**
22,815	**2.50**	**20 January 2024 to 19 January 2026**
78,677	**1.50**	**24 April 2024 to 24 April 2027**

2023

Number of options '000	Exercise price HK$ per share	Exercise period
965	2.90	29 March 2023 to 28 March 2024
965	2.90	27 May 2022 to 28 March 2024
10,999	2.90	31 January 2022 to 28 March 2024
5,766	2.90	29 March 2022 to 28 March 2024
5,500	2.90	31 January 2023 to 28 March 2024
11,132	2.90	29 March 2023 to 28 March 2024
25,000	2.50	20 January 2023 to 19 January 2026
22,849	2.50	20 January 2024 to 19 January 2026

29. SHARE-BASED COMPENSATION *(continued)*

During the year ended 31 December 2024, share-based payment expenses of approximately RMB27,282,000 (2023: RMB25,458,000), had been charged to profit or loss.

The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2024 Share Options	2023 Share Options	2022 Share Options	2021 Share Options
Equity-settled				
Option pricing model used	**Binomial model**	Binomial model	Binomial model	Binomial model
Exercise price (per share)	**HK$1.50**	HK$2.50	HK$2.90	HK$2.90
Expected dividend	**0%**	0%	0%	0%
Expected volatility (note)	**52.14%**	54.87%	51.51%	51.43%
Risk-free interest rate	**3.86%**	3.42%	1.86%	0.37%
Suboptimal factor	**2.2-2.8**	2.2-2.8	2.2	2.2-2.8
Expected life of options (year)	**3 years**	3 years	1.84 years	3 years
Spot price (per share)	**HK$1.22**	HK$1.96	HK$2.01	HK$2.83
Fair value on the date of grant (RMB)	**RMB27,411,000**	RMB26,105,000	RMB576,000	RMB39,448,000

Note:

The expected volatility, measured as the standard deviation of the expected share price returns, is determined based on the average daily trading price volatility of the shares of the Company.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 126,492,000 (2023: 83,176,000) share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 126,492,000 additional ordinary shares of the Company and additional share capital of RMB91,000 (before issue expenses) (2023: RMB59,000).

30. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 132 of the consolidated financial statements.

(a) Capital reserve

The capital reserve of the Group represents the difference between the aggregate of the paid-up share capital of the subsidiaries, the consideration paid by the Group for the business combination under common control and contribution from the shareholders.

(b) Statutory surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the group companies, each of the companies that is domiciled in the PRC is required to allocate 10% of its profit after tax, as determined in accordance with PRC GAAP, to the statutory surplus reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

The statutory surplus reserve is non-distributable except that in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, it can be used to offset accumulated losses or be capitalised as paid-up capital.

(c) Share incentive reserve

The share incentive reserve comprises the fair value of equity-settled share-based payments granted over the years.

(d) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies outside Mainland China. The reserve is dealt with in accordance with the accounting policy set out in note 2.4 to the consolidated financial statements.

(e) Treasury shares

The Company acquired its own shares in the open market which are held as treasury shares over the year. All treasury shares were subsequently cancelled during the year ended 31 December 2024.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB28,813,000 (2023: RMB2,492,000) and RMB28,813,000 (2023: RMB2,492,000), respectively, in respect of lease arrangements for office properties.

(b) Changes in liabilities arising from financing activities

2024

	Bank and other loans RMB'000	Lease liabilities RMB'000
At 1 January 2024	495,000	26,907
Proceeds from loans	627,176	—
Additions to lease liabilities	—	28,813
Effect of modification to lease terms	—	(18,129)
Accretion of interest expenses	18,627	1,225
Repayment of interest expenses	(18,627)	(1,225)
Repayments of loans	(609,370)	—
Repayments of principal elements of lease payments	—	(15,099)
Exchange realignment	—	11
At 31 December 2024	512,806	22,503

2023

	Bank and other loans RMB'000	Lease liabilities RMB'000
At 1 January 2023	444,169	42,491
Proceeds from loans	609,000	—
Additions to lease liabilities	—	2,492
Effect of modification to lease terms	—	(4,893)
Accretion of interest expenses	17,917	1,721
Repayment of interest expenses	(17,917)	(1,721)
Repayments of loans	(557,633)	—
Repayments of principal elements of lease payments	—	(13,140)
Exchange realignment	(536)	(43)
At 31 December 2023	495,000	26,907

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(c) Total cash outflows for leases

The total cash outflows for leases included in the consolidated statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	**3,544**	6,569
Within financing activities	**16,324**	14,861
	19,868	21,430

32. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as of 31 December 2024.

33. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Contracted, but not provided for:		
Purchase of IP and game licences	**134,117**	280,017

34. RELATED PARTY TRANSACTIONS

(a) Names of related parties

	Relationship with the Group
Shanghai Fengguo Network Technology Co.,Ltd.	Associate
Shenzhen Sparks Interactive Entertainment Co., Ltd.	Associate
Mr. Fan Yingjie	Executive director

(b) Transactions with related parties

In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group had the following material related party transactions during the reporting period:

	2024 RMB'000	2023 RMB'000
Promotion services received from Shanghai Fengguo Network Technology Co.,Ltd.	**2,123**	—
Commission charged by Shenzhen Sparks Interactive Entertainment Co., Ltd.	**9,484**	19,655

(c) Outstanding balances with related parties

As disclosed in the consolidated statement of financial position, the Group had outstanding balances with related parties at 31 December 2024 and 2023.

Amounts due from related parties

	2024 RMB'000	2023 RMB'000
Mr. Fan Yingjie**	**7,851**	8,851
Shanghai Fengguo Network Technology Co., Ltd.*	**2,829**	—
	10,680	8,851

* The balances is trade in nature.

** The balance is non-trade in nature.

34. RELATED PARTY TRANSACTIONS *(continued)*

(c) Outstanding balances with related parties *(continued)*

Amount due to a related party

	2024 RMB'000	2023 RMB'000
Shenzhen Sparks Interactive Entertainment Co., Ltd.*	—	1,998
	—	1,998

* The balances is trade in nature.

The amounts due from related parties and amount due to a related party are unsecured, interest-free and repayable on credit terms similar to those offered to the major customers of the Group.

(d) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**10,860**	12,179
Equity-settled share-based expense	**17,984**	18,757
Pension scheme contributions	**507**	515
	29,351	31,451

Further details of directors' emoluments are included in note 9 to the consolidated financial statements.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at fair value through profit or loss	**1,238,509**	2,021,044
Financial assets measured at amortised cost:		
Trade and bills receivables	**846,345**	1,187,136
Due from related parties	**10,680**	8,851
Financial assets included in prepayments, other receivables and other assets	**136,264**	205,595
Cash and cash equivalents	**101,756**	210,609
	1,095,045	1,612,191
	2,333,554	3,633,235
Financial liabilities		
Financial liabilities at fair value through profit or loss:		
Contingent consideration for business combination	**—**	100,000
Financial liabilities measured at amortised cost:		
Trade payables	**218,583**	261,054
Due to a related party	**—**	1,998
Financial liabilities included in other payables and accruals	**72,445**	85,679
Bank and other borrowings	**512,806**	495,000
	803,834	843,731
Other financial liabilities:		
Lease liabilities	**22,503**	26,907
	826,337	970,638

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2024 and 2023, the fair values of the Group's financial assets or liabilities at amortised cost approximated to their respective carrying amounts.

Management has assessed that the carrying amounts of cash and cash equivalents, trade and bills receivables, amounts due from related parties, financial assets included in prepayments, other receivables and other assets, trade payables, amount due to a related party, financial liabilities included in other payables and accruals and bank and other borrowings approximate to their fair values because these financial instruments are mostly short term in nature.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices. The fair values of the unlisted equity investments, convertible loans and other debt instrument have been estimated by using various applicable valuation techniques, including the discounted cash flow approach, adjusted net assets value method and other option pricing models. The fair value of contingent consideration payable is estimated by using the discounted cash flow model and Monte Carlo simulation model.

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 2023:

	Valuation technique	Significant unobservable inputs	Range	Relationship between fair value and the inputs
Financial assets at fair value through profit or loss	Discounted cash flow method	Long term growth rate	2% (2023: 2%)	Increase/(decrease) in growth rate would result in increase/(decrease) in fair value
		Long term operating margin	18% to 46% (2023: 16% to 64%)	Increase/(decrease) in operating margin would result in increase/(decrease) in fair value
		Weighted average cost of capital (WACC)	17% to 22% (2023: 17% to 25%)	Increase/(decrease) in WACC would result in (decrease)/increase in fair value
	Adjusted net assets value method with equity allocation model	Marketability discount	16% (2023: 16%)	Increase/(decrease) in marketability discount would result in (decrease)/increase in fair value
		Minority discount	— (2023: 12%)	Increase/(decrease) in minority discount would result in (decrease)/increase in fair value
	Binomial method	Volatility	57% to 96% (2023: 53% to 94%)	Increase/(decrease) in volatility would result in increase/(decrease) in fair value
		Discount rate	23% to 29% (2023: 22% to 26%)	Increase/(decrease) in discount rate would result in (decrease)/increase in fair value

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

	Valuation technique	Significant unobservable inputs	Range	Relationship between fair value and the inputs
Financial liabilities at fair value through profit or loss	Discounted cash flow method with Monte Carlo simulation model	Estimated volatility of net income	56% (2023: 51%)	Increase/(decrease) in volatility would result in increase/(decrease) in fair value
		Discount rate	8% (2023: 7%)	Increase/(decrease) in discount rate would result in (decrease)/increase in fair value

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
– Listed equity investments	63,296	—	—	63,296
– Unlisted equity investment	—	438,526	445,130	883,656
– Convertible loans and other debt instruments	—	—	291,557	291,557
	63,296	438,526	736,687	1,238,509

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Assets measured at fair value: (continued)

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
– Listed equity investments	201,133	—	—	201,133
– Unlisted equity investment	—	437,359	814,528	1,251,887
– Convertible loans and other debt instruments	—	—	568,024	568,024
	201,133	437,359	1,382,552	2,021,044

Liabilities measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Contingent consideration for business combination	**—**	**—**	**—**	**—**

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Liabilities measured at fair value: (continued)

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Contingent consideration for business combination	—	—	100,000	100,000

The movements in fair value measurements within level 3 during the year are as follows:

	Financial assets at fair value through profit or loss		Contingent consideration for business combination	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
At 1 January	**1,382,552**	1,488,872	**(100,000)**	(168,925)
(Loss)/gain recognised in profit or loss	**(560,066)**	(66,813)	**100,000**	68,925
Additions	**4,071**	184,172	**—**	—
Disposals	**(89,870)**	(223,679)	**—**	—
At 31 December	**736,687**	1,382,552	**—**	(100,000)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade and bills receivables, other receivables, trade payables, other payables, bank and other borrowings, financial assets at fair value through profit or loss and cash and cash equivalents. The Group has various other financial assets and liabilities such as amounts due from related parties, amount due to a related party and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, liquidity risk, price risk on listed investment. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in the foreign exchange rates due to changes in fair value of monetary assets and liabilities, with all other variables held constant, of the Group's loss before tax.

	2024 Decrease/ (increase) in loss before tax RMB'000	2023 Decrease/ (increase) in loss before tax RMB'000
RMB/HKD		
Strengthened by 5%	**2,920**	3,952
Weakened by 5%	**(2,920)**	(3,952)
RMB/USD		
Strengthened by 5%	**1,062**	222
Weakened by 5%	**(1,062)**	(222)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts and the Group's exposure to loss allowance for impairment is not significant.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables*	—	—	—	1,283,153	1,283,153
Financial assets included in prepayments, other receivables and other assets					
– Normal**	136,264	—	—	—	136,264
– Doubtful**	—	—	130,015	—	130,015
Due from related parties					
– Normal**	10,680	—	—	—	10,680
Cash and cash equivalents					
– Not yet past due	101,756	—	—	—	101,756
	248,700	—	130,015	1,283,153	1,661,868

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Maximum exposure and year-end staging *(continued)*

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables*	—	—	—	1,450,544	1,450,544
Financial assets included in prepayments, other receivables and other assets					
– Normal**	181,791	—	—	—	181,791
– Doubtful**	—	—	91,768	—	91,768
Due from related parties					
– Normal**	8,851	—	—	—	8,851
Cash and cash equivalents					
– Not yet past due	210,609	—	—	—	210,609
	401,251	—	91,768	1,450,544	1,943,563

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets, and amounts due from related parties is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of these financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 21 to the consolidated financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by counterparty. There are no significant concentrations of credit risk within the Group as the counterparty bases of the Group's trade and bills receivables are widely dispersed.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operation and bank and other borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand RMB'000	**Less than 3 months RMB'000**	**3 to less than 12 months RMB'000**	**1 to 3 years RMB'000**	**Total RMB'000**
Trade payables	**74,642**	**51,434**	**92,507**	**—**	**218,583**
Financial instruments included in other payables and accruals	**—**	**21,717**	**50,728**	**—**	**72,445**
Bank and other borrowings	**—**	**149,059**	**374,282**	**—**	**523,341**
Lease liabilities	**—**	**4,108**	**8,985**	**10,423**	**23,516**
	74,642	**226,318**	**526,502**	**10,423**	**837,885**

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 3 years RMB'000	Total RMB'000
Due to a related party	1,335	624	39	—	1,998
Trade payables	112,496	54,625	93,933	—	261,054
Contingent consideration for business combination	—	—	—	100,000	100,000
Financial instruments included in other payables and accruals	—	19,832	65,847	—	85,679
Bank and other borrowings	—	209,546	294,820	—	504,366
Lease liabilities	—	4,024	8,528	17,564	30,116
	113,831	288,651	463,167	117,564	983,213

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of business.

The directors of the Company review the asset-liability ratio, which is total assets divided by total liability, on a continuous basis, taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the raising of new debts as well as the redemption of the existing debts and manage the asset-liability ratios. The Group's overall strategy remained unchanged during the reporting period.

The asset-liability ratios as at the end of each reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Total assets	**5,082,064**	7,089,169
Total liabilities	**1,186,144**	1,394,356
Asset-liability ratio	**23.3%**	19.7%

Price risk

The Group's exposure to price risk arises from investments held by the Group and classified as financial assets at fair value through profit or loss (Note 20). The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments made by the Group are either for the purpose of improving investment yield and maintaining high liquidity level simultaneously or for strategic purpose. Each investment is managed by senior management on a case-by-case basis. The sensitivity analysis is performed by management, see note 36 for details.

38. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of the consolidated financial statement, save as disclosed in other notes, there are no significant events after the reporting period.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Right-of-use assets	**3,597**	1,876
Investments in subsidiaries	**816,010**	798,562
Financial assets at fair value through profit or loss	**383,880**	648,063
Prepayments	**31,609**	30,933
Total non-current assets	**1,235,096**	1,479,434
CURRENT ASSETS		
Due from subsidiaries	**1,192,685**	890,994
Prepayments, deposits and other receivables	**9,263**	28,412
Cash and cash equivalents	**5,095**	14,967
Total current assets	**1,207,043**	934,373
CURRENT LIABILITIES		
Other payables and accruals	**1,551**	1,517
Lease liabilities	**1,842**	1,903
Due to subsidiaries	**446,810**	435,356
Total current liabilities	**450,203**	438,776
NET CURRENT ASSETS	**756,840**	495,597
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,991,936**	1,975,031
NON-CURRENT LIABILITIES		
Lease liabilities	**1,761**	—
Total non-current liabilities	**1,761**	—
Net assets	**1,990,175**	1,975,031
EQUITY		
Issued capital	**2,089**	1,915
Reserves (Note)	**1,988,086**	1,973,116
Total equity	**1,990,175**	1,975,031

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Treasury shares RMB'000	Share incentive reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	2,132,924	(19,316)	462,292	44,885	(697,355)	1,923,430
Loss for the year	—	—	—	—	(3,709)	(3,709)
Other comprehensive income for the year:						
Exchange differences on translation	—	—	—	27,783	—	27,783
Total comprehensive income/(loss) for the year	—	—	—	27,783	(3,709)	24,074
Cancellation of ordinary shares	(19,306)	19,316	—	—	—	10
Share-based compensation (note 29)	—	—	25,602	—	—	25,602
At 31 December 2023 and 1 January 2024	2,113,618	—	487,894	72,668	(701,064)	1,973,116
Loss for the year	**—**	**—**	**—**	**—**	**(320,351)**	**(320,351)**
Other comprehensive income for the year:						
Exchange differences on translation	**—**	**—**	**—**	**38,103**	**—**	**38,103**
Total comprehensive income/(loss) for the year	**—**	**—**	**—**	**38,103**	**(320,351)**	**(282,248)**
Issue of shares for the subscriptions	**245,897**	**—**	**—**	**—**	**—**	**245,897**
Issue of shares for the acquisition of the intangible assets	**26,451**	**—**	**—**	**—**	**—**	**26,451**
Share issue expenses	**(1,852)**	**—**	**—**	**—**	**—**	**(1,852)**
Repurchase of shares	**—**	**(974)**	**—**	**—**	**—**	**(974)**
Cancellation of ordinary shares	**(973)**	**974**	**—**	**—**	**—**	**1**
Share-based compensation (note 29)	**—**	**—**	**27,695**	**—**	**—**	**27,695**
At 31 December 2024	**2,383,141**	**—**	**515,589**	**110,771**	**(1,021,415)**	**1,988,086**

40. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 March 2025.

DEFINITIONS

In this annual report, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Ambitious Profit"	Ambitious Profit Investment Limited, an exempted company incorporated in the Cayman Islands with limited liability on 5 January 2018 and one of the Controlling Shareholders
"ARPPU"	average revenue per month per paying user, which represents the Group's revenue recognised for a particular game, a particular type of game or all of its games, as applicable, in the period divided by the number of paying users of the game, the type of game or all of its games, as applicable, in such period
"Articles of Association"	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
"Audit Committee"	the audit committee of the Company
"Auditor"	BDO Limited, the independent auditor of the Company
"Beijing Hengwan"	Beijing Hengwan Network Technology Co., Ltd. (北京恒玩網絡科技有限公司), a company established in the PRC on 17 March 2023 and wholly-owned by Shenzhen Douyue, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
"Beijing Softstar"	Softstar Technology (Beijing) Co., Ltd. (軟星科技(北京)有限公司), a company established in the PRC on 19 September 2000, which is an indirect wholly owned subsidiary of the Company
"Board"	the board of Directors
"Board Committees"	Audit Committee, Nomination Committee, Remuneration Committee, and Corporate Governance Committee
"BVI"	the British Virgin Islands
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Changpei Cayman"	Changpei Investment Centre, L.P., an exempted limited partnership registered in the Cayman Islands on 2 March 2018 and one of the Controlling Shareholders
"Changpei Shanghai"	Changpei (Shanghai) Investment Centre (Limited Partnership) (長霈(上海)投資中心(有限合夥)), a limited partnership registered in the PRC on 2 June 2015
"Chengdu Zhuoxing"	Chengdu Zhuoxing Technology Co., Ltd. (成都卓星科技有限公司), a company established in the PRC on 24 June 2013 and wholly-owned by Shenzhen Lanyue, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements

"CMGE Group"	CMGE Group Limited (formerly known as China Mobile Games and Entertainment Group Limited), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 20 January 2011, which is wholly-owned by CMGE Mobile Tech
"CMGE Mobile Tech"	China Mobile Game Technology Company Limited (中手游移動科技有限公司), a limited liability company established under the laws of the PRC on 14 October 2015, which is held as to 44.67% by Changpei Shanghai, 18.90% by Shanghai Pegasus, 31.53% by Zhongshouyou Brothers PRC and 4.90% by Yichong Investment
"Company"	CMGE Technology Group Limited (中手游科技集团有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 20 March 2018, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 0302)
"connected person(s)"	has the meaning ascribed to it/them under the Listing Rules
"Contractual Arrangements"	the series of contractual arrangements entered into by Shengyue Software and the PRC Operating Entities
"Controlling Shareholder(s)"	has the meaning ascribed to it/them under the Listing Rules
"Corporate Governance Committee"	the corporate governance committee of the Company
"Director(s)"	the director(s) of the Company
"Fairview Ridge"	Fairview Ridge Investment Limited, a company incorporated in the BVI with limited liability on 6 March 2018 and one of the Controlling Shareholders
"Group"	the Company, its subsidiaries and the PRC Operating Entities
"Guangzhou Manshikong"	Guangzhou Manshikong Network Technology Co., Ltd. (廣州漫時空網絡科技有限公司), a company established in the PRC on 28 April 2023 and wholly-owned by Chengdu Zhuoxing, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hainan Chuangyue"	Hainan Chuangyue Technology Company Limited (海南創躍科技有限公司), a company established in the PRC on 24 December 2019 and wholly-owned by Shenzhen Zhongshouyou, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
"Hainan Guming"	Hainan Guming Technology Company Limited (海南古茗科技有限公司), a company established in the PRC on 10 March 2022 and non-wholly owned as to 66% equity interest by Shenzhen Zhongshouyou, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements

"Hainan Zhanshen"	Hainan Zhanshen Internet Technology Company Limited (海南戰神網絡科技有限公司), a company established in the PRC on 27 April 2020 and wholly-owned by Hainan Chuangyue, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
"HKFRS"	Hong Kong Financial Reporting Standards, as issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IP(s)"	intellectual property(ies)
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	31 October 2019, being the date on which the Shares of the Company became listed and commenced trading on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MAUs"	monthly active users, which refers to the number of active users in the relevant calendar month; average MAUs for a particular period is the average of the MAUs in each month during that period
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Motion Game"	Motion Game Company Limited (動力遊戲娛樂有限公司), a company incorporated in Hong Kong with limited liability on 20 July 2017 and one of the Controlling Shareholders
"MPUs"	monthly paying users, which refers to the number of paying users in the relevant calendar month; average MPUs for a particular period is the average of the MPUs in each month during that period
"Mr. Sin"	Mr. SIN Hendrick (冼漢廸) *M.H.*, the executive Director and vice chairman of the Company, and one of the Controlling Shareholders
"Mr. Xiao"	Mr. XIAO Jian (肖健), the executive Director, chairman and chief executive officer of the Company, and one of the Controlling Shareholders
"Nomination Committee"	the nomination committee of the Company
"PC"	personal computer
"Post-IPO Share Option Scheme"	the post-IPO share option scheme of the Company approved and adopted by the Shareholders on 20 September 2019
"PRC" or "China"	the People's Republic of China excluding, for the purpose of this report only, Hong Kong, the Macau Special Administrative Region and Taiwan
"PRC Operating Entities"	Chengdu Zhuoxing, Shenzhen Zhongshouyou, Shenzhen Douyue, Hainan Chuangyue, Yichun Dongdian, Hainan Zhanshen, Shenzhen Fansheng, Shanghai Fanying, Hainan Guming, Shanghai Zhoujing, Shanghai Yunnan, Guangzhou Manshikong and Beijing Hengwan

"Profound Power"	Profound Power Investment Limited, a company incorporated in BVI with limited liability on 8 March 2018 and one of the Controlling Shareholders
"Prospectus"	the Company's prospectus dated 19 October 2019 issued for Listing purpose
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Fanying"	Shanghai Fanying Network Technology Co., Ltd. (上海凡影網絡科技有限公司), a company established in the PRC on 31 July 2020 and wholly-owned by Shenzhen Fansheng, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
"Shanghai Yunnan"	Shanghai Yunnan Network Technology Co., Ltd. (上海雲藍網絡科技有限公司), a company established in the PRC on 6 January 2021 and wholly-owned by Shanghai Fanying, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
"Shanghai Zhoujing"	Shanghai Zhoujing Network Technology Co., Ltd. (上海洲競網絡科技有限公司), a company established in the PRC on 1 December 2021 and non-wholly owned as to 51% equity interest by Shenzhen Zhongshouyou, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
"Share(s)"	ordinary share(s) of the Company with nominal value of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shengyue Software"	Shengyue Software (Shenzhen) Co., Ltd. (盛悅軟件(深圳)有限公司), a company established in the PRC on 5 March 2018 and an indirectly wholly-owned subsidiary of the Company
"Shenzhen Douyue"	Shenzhen Douyue Network Technology Co., Ltd. (深圳市豆悅網絡科技有限公司), a company established in the PRC on 21 November 2014 and wholly-owned by Shenzhen Lanyue, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
"Shenzhen Fansheng"	Shenzhen Fansheng Network Technology Co., Ltd. (深圳市凡盛網絡科技有限公司), a company established in the PRC on 4 June 2020 and wholly-owned by Shenzhen Zhongshouyou, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
"Shenzhen Lanyue"	Shenzhen Lanyue Internet Technology Company Limited (深圳市嵐悅網絡科技有限公司), a company established in the PRC on 7 June 2013 and the registered shareholder of the PRC Operating Entities
"Shenzhen Victory Games"	Victory Games Network Technology Co., Ltd. (深圳市勝利互娛網絡科技有限公司), a company established in the PRC on 1 July 2015 and an indirectly wholly-owned subsidiary of the Company

"Shenzhen Zhongshouyou"	China Mobile Games and Entertainment Group Limited Shenzhen (深圳市中手游網絡科技有限公司), a company established in the PRC on 10 July 2015 and wholly-owned by Shenzhen Lanyue, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
"Silver Joyce"	Silver Joyce International Limited, a company incorporated in the BVI on 5 July 2012 and wholly-owned by Mr. Sin, which is one of the Controlling Shareholders
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it/them under the Listing Rules
"Substantial Shareholder(s)"	has the meaning ascribed to it/them under the Listing Rules
"US$" or "USD"	U.S. dollars, the lawful currency of the United States of America
"Wenmai Hudong"	Beijing Wenmai Hudong Technology Company Limited (北京文脈互動科技有限公司), a company established in the PRC on 12 December 2014, which is an indirect wholly-owned subsidiary of the Company
"Xiao Family Trust"	the ZSY Trust, a discretionary trust set up by Mr. Xiao, as settlor, and Trident Trust Company (B.V.I.) Limited, as trustee, for the benefit of Mr. Xiao and his spouse
"Yichong Investment"	Shanghai Yichong Investment Centre (Limited Partnership) (上海一翀投資中心(有限合夥)), one of the Shareholders and a limited partnership established in the PRC on 20 April 2015, the general partner of which is Dazi Dingcheng
"Yichun Dongdian"	Yichun Dongdian Huyu Internet Technology Company Limited (宜春市動點互娛網絡科技有限公司), a company established in the PRC on 26 November 2019 and wholly-owned by Shenzhen Douyue, and is one of the PRC Operating Entities controlled by the Group through the Contractual Arrangements
"Zhongshouyou Brothers BVI"	Zhongshouyou Brothers Limited (中手游兄弟有限公司), a company incorporated in the BVI on 2 January 2018 and wholly-owned by ZSY Holding for the Xiao Family Trust, which is one of the Controlling Shareholders
"Zhongshouyou Brothers PRC"	Shaoxing Shangyu Zhongshouyou Brothers Investment Partnership (Limited Partnership) (紹興市上虞中手游兄弟投資合夥企業(有限合夥)), a limited partnership established on 23 November 2015 under the laws of the PRC, a shareholder of CMGE Mobile Tech
"ZSY Holding"	ZSY Holding Company Limited, a limited company incorporated in the BVI on 20 June 2022, which is nominated by Trident Trust Company (B.V.I.) Limited, the trustee of the Xiao Family Trust