2024 ANNUAL REPORT

家乡互动
HOMELAND INTERACTIVE

家鄉互動科技有限公司
Homeland Interactive Technology Ltd.

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 3798

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. WU Chengze *(Chairman)*
Mr. SU Bo
Mr. DING Chunlong

Independent Non-Executive Directors

Mr. ZHANG Yuguo
Mr. HU Yangyang
Ms. GUO Ying

AUDIT COMMITTEE

Mr. HU Yangyang *(Chairman)*
Mr. ZHANG Yuguo
Ms. GUO Ying

NOMINATION COMMITTEE

Mr. WU Chengze *(Chairman)*
Ms. GUO Ying
Mr. HU Yangyang

REMUNERATION COMMITTEE

Mr. HU Yangyang *(Chairman)*
Mr. ZHANG Yuguo
Ms. GUO Ying

JOINT COMPANY SECRETARIES

Ms. NG Ka Man *(ACG, HKACG)*
Mr. WU Jieran

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

AUTHORIZED REPRESENTATIVES

Ms. NG Ka Man
Mr. SU Bo

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor
35/F, One Pacific Place
88 Queensway
Hong Kong

COMPANY'S WEBSITE

https://www.jiaxianghudong.com

STOCK CODE

3798

HEADQUARTERS IN THE PRC

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Nanshan Street
Qianhai Shenzhen-Hong Kong Cooperation Zone
Shenzhen
PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square
Grand Cayman KY1-1102
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

LM8, 5/F, Lee & Man Commercial Center,
169 Electric Road, North Point, Hong Kong

PRINCIPAL BANKS

Jilin Jiutai Rural Commercial Bank, Tongzhi Street Branch
Bank of China, Xiamen Taiwan Road Branch
Hua Xia Bank, Xiamen Branch

Financial Highlights

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**1,386,080**	1,779,667	1,562,940	1,287,722	772,034
Gross profit	**629,586**	1,157,455	1,020,619	958,828	592,088
Profit for the year	**(76,221)**	440,470	465,682	500,276	390,027
Profit for the year attributable to owners of the Company	**(74,174)**	436,936	465,274	500,713	390,804
Non-IFRS adjusted net profit attributable to the owners of the Company	**29,520**	499,393	528,609	511,155	417,849

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**403,315**	399,497	465,509	275,768	227,603
Current assets	**1,763,795**	1,887,419	1,609,796	1,453,169	877,069
Current liabilities	**234,284**	190,164	274,678	241,863	148,219
Net current assets	**1,529,511**	1,697,255	1,335,118	1,211,306	728,850
Non-current liabilities	**16,674**	12,602	36,614	46,770	7,101
Total equity	**1,916,152**	2,084,150	1,794,013	1,440,304	949,352

Dear shareholders,

First of all, on behalf of the Board of Homeland Interactive Technology Ltd., I would like to express my sincerest gratitude to you all for your long term trust and support.

In 2024, China's gaming industry underwent a critical transition period from rapid growth to high-quality development. Under the policy background of normalization of game license approval, market competition is becoming increasingly fierce, and players' demands for game quality, cultural connotations and immersive experience have increased significantly. At the same time, the global economic landscape is complex and changing. Affected by the macroeconomic environment, user consumption behavior has become more rational, and the market growth model has also accelerated its evolution towards refined operations. In the face of the above-mentioned challenges and opportunities, the Group has actively adjusted its operational strategy in the past year, focusing on expanding the scale of users and enhancing users' loyalty, with a view to laying a solid user foundation for the Group's long-term sustainable development. However, this strategic adjustment had an impact on the Group's financial performance in the short term, resulting in the Group's first loss since its listing. Still, we are pleased to see that the Group's strategic layout has achieved phased results, accumulating strong momentum for sustainable growth in the future. Next, I would like to bring our shareholders to the review of a series of important business developments made by the Group in 2024.

CONSOLIDATE CORE STRENGTHS AND STRENGTHEN USER ENGAGEMENT

In the face of a complex and ever-changing market environment, the Group has always adhered to the strategic policy of deepening its presence in advantageous markets, viewing it as the cornerstone of its healthy development. In 2024, through a series of effective content updates and precise operation strategies, the Group's long-term operation of classic chess and card game portfolio continues to demonstrate strong vitality and commercial value. The Group has upgraded its flagship games "微樂鬥地主" and "微樂四川麻將" into 3D versions. The upgraded versions have completely reshaped the visual experience of the games, with detailed character modelling and dynamic card effects, aiming to create a more immersive and immersive handheld entertainment experience for players.

At the same time, the Group understands the importance of localisation of products and operations in maintaining user loyalty. As a result, we targeted regional markets with growth potential in the country during the Reporting Period and tilted our product strategy towards these regions. We have repeatedly and intensively calibrated the rules and optimised the product for these local games, with a view to better tailoring the product details to the local entertainment preferences of the local users. In view of the size of the user market in different regions, the Group has also formulated differentiated operational strategies and reasonably increased its marketing investment in the region, aiming at reaching users more precisely and efficiently and increasing the user penetration rate in the regional market.

In terms of commercialisation strategy, the Group also adheres to long-termism and explores the balance between the scale of paying users and the depth of payment. Through the optimisation of the game economy system, we have innovatively piloted the business model of "subscription system + props combination". In addition, in order to effectively increase the user retention rate, the Group has implemented a number of targeted measures, such as the introduction of various competitive events and interactive activities to enhance the social and interactive experience of the games, with a view to enhancing the enjoyment of users while strengthening the connection between them, thereby increasing the users' activity and loyalty.

In addition, we actively explored the adaptability of the Group's advantageous products in emerging distribution channels. Two Douyin mini-games developed by the Group during the Reporting Period, "微樂鬥地主" and "微樂家鄉麻將", were also officially launched on the Douyin platform recently, marking a substantial progress of the Group's layout in this ecosystem. The Douyin versions of both games not only continue the original core gameplay, but also combine lightweight design with content social mechanism to effectively shorten the player conversion chain. Both games were well received by players on the platform after launching. In the early stage of the launch, they achieved excellent results in many core rankings of the Douyin platform, such as the task ranking, popularity ranking, and in-app purchase area ranking, which fully demonstrated the high adaptability and commercialization potential of the Group's flagship products in new media channels.

Owing to the dedicated investment and continuous innovation of the R&D and operation teams, the long-term operational advantages of the Group's core segments have been consolidated and the overall active user scale has remained stable. During the Reporting Period, the DAU and MAU of our existing business were 13.37 million and 64.34 million respectively. More notably, users' willingness to pay has been effectively improved, with the number of paying users achieving a 35% year-on-year increase to 17.8 million during the Reporting Period. These stable active users and a large base of paying users provide a solid foundation for the Group's continued growth in the future. This also proves that our strategy of focusing on our strengths and adhering to high-quality and localized products is correct and effective.

INNOVATE MULTI-DIMENSIONAL MARKETING AND EXPAND AUDIENCE REACH

The Group is fully aware that diversified marketing methods are the key factors to break through the viewership bottleneck and maintain a leading position in the market on top of providing high-quality game products. In order to adapt to market changes and give full play to the "social fission" characteristics of the Group's products, we have constructed a three-dimensional distribution system with "live broadcasting + tournaments + syndication" as its core. During the Reporting Period, we continued to deepen our distribution of new media in key regions across the country, and achieved significant results in the areas of streamer incubation, content co-creation and tournament promotion through close co-operation with our affiliates and joint ventures.

In terms of streamer resources, the Group has not only deepened its close cooperation with a number of leading streamers including "旭旭寶寶", but also successfully incubated a number of popular streamers, such as "瘋狂蛋姐", "維老大", and "微樂院長". Currently, the Group has a total of over 1,000 streamers, who have brought considerable traffic growth to its core products such as "微樂鬥地主" and "微樂四川麻將" by organizing various interactive activities such as streamer-versus-streamer matches and streamer-versus-fan matches. At the same time, we are actively exploring the downstream strategy of live streaming interaction, focusing on discovering and cultivating small and medium-sized streamers who speak local dialects to fully satisfy the localized entertainment needs of players in different regions.

We have also adopted the creative and innovative model of "content + social" to break out of traditional industry marketing. In particular, a series of short videos titled "Mahjong Mahjong, shake it up, time to show your real skills" stood out. This series of videos use professional video language and expressive editing, which vividly demonstrate the strategic wisdom and psychological games embedded in our products. The videos have received more than 200 million views across the Internet, and have sparked strong reactions among young users. This innovative approach to content dissemination not only showed the unique charm of mahjong, but also significantly lowered the threshold for public participation in our games. In addition, the Group also launched a number of user-generated content (UGC) campaigns on various social media platforms around traditional festivals such as the Chinese New Year, which sparked players' resonance and enthusiasm. A number of these campaigns achieved over 100 million views, significantly boosting the Group's brand.

In terms of tournament promotion, during the Reporting Period, we organized a number of large-scale online tournaments for all people, such as the "微樂王炸杯全明星賽", with a total views of 150 million and a cumulative number of viewers reaching 15 million. Through professional tournament accounts such as the "麻將研究院", we also live-streamed offline tournaments such as the "大魔王杯巔峰2v2" and the "第二屆中國麻將公開賽" on various platforms. This mode of using tournaments to promote engagement not only effectively increased the download volume of the relevant games, but also forged connections between online and offline users, which further increased exposure of the brand.

Through the above multi-dimensional layout, we have gradually formed a business ecosystem of chess and poker game live streaming, professional tournaments that integrates co-operation and co-distribution, and realized positive interactions among various business segments. This marketing model of ecological synergy has become an important competitive advantage for us in the arena we operate in. Admittedly, the above arrangement incurred certain new media cross-operating costs and marketing expenses in 2024, but we are more interested in the long-term value it will bring to the Group. We believe that these initiatives will effectively stabilize our user base in a highly competitive market and will lay a solid foundation for the Group's sustainable development and profitability in the future.

EMBRACE TECHNOLOGICAL TRANSFORMATION AND DEEPEN GLOBAL PRESENCE

With the continuous breakthroughs in big model technology and the increasing maturity of its applications, we clearly realize that artificial intelligence (AI) is at a critical stage of profoundly changing the landscape of the gaming industry. As a leading mobile game developer in China, Homeland Interactive firmly believes that technological innovation is an important driving force for the deep integration of culture and games. In order to seize strategic opportunities promptly, we have proactively and gradually advanced our AI deployment during the reporting period to establish our leading advantage. The Group is actively reserving professional talents in the field of AI and is committed to building a professional team that can cope with future challenges with ease. At the same time, we focus on developing various efficiency-enhancing tools, aiming to significantly improve the industrialization level of the game development and operation pipeline and create new business value through centralized and modular technical capability integration. During the Reporting Period, the Group has initially completed the deployment of the Group's self-developed AI intelligence, which has constructed a proprietary knowledge base relying on advanced macromodels such as DeepSeek, initially realising a phased improvement in research and development efficiency. We plan to deeply integrate this AI intelligence into the Group's business processes, with a view to achieving overall operational efficiency and effective cost control. In addition, to ensure stable operation in high-concurrency user scenarios, the Group completed a comprehensive upgrade of the server architecture and implemented intelligent deployment and efficient operation and maintenance, effectively reducing operation and maintenance costs. The Group firmly believes that AI is not only a tool to improve efficiency, but also a core engine that will drive the platform to achieve user growth and build diversified business ecosystem value in the future. To this end, we are making every effort to carry out end-to-end intelligent transformation in order to further enhance the Group's profitability and market competitiveness.

On the other hand, the success of domestic games such as "Black Myth: Wukong" in 2024 has set a new benchmark for the Chinese game industry, fully verifying the feasibility of combining products with cultural depth and global operations. This further reinforces the Group's commitment to its globalisation strategy. We are accelerating our presence in core international markets such as East Asia, the Middle East and the Americas, and we are effectively integrating cultural elements through in-depth localisation of our operations. We not only precisely adapt the language and gameplay of our products to the needs of users in different regions, but also conduct in-depth research on the language habits, trends and user preferences of our target markets to ensure that each game naturally integrates into the local cultural context, and serves as a vehicle for the dissemination of the excellent traditional Chinese culture. Homeland Interactive is actively promoting its global distribution plan. In particular, "微樂捕魚海外版" has successfully landed in many international markets, becoming an important part of the Company's overseas strategy. Looking ahead to 2025, we will be launching two key products for the Middle East and Japanese markets respectively. The former has already been adapted locally and will be tested in the market, and the latter will retain the essence of traditional mahjong while subtly incorporating elements of Japanese culture in a distinctive way. The Group firmly believes that this "culture + games" overseas expansion model will enable our products to gain wide recognition in the international market and build a unique global competitive advantage for the Group. In the future, we will continue to enhance our global operational capabilities to cope with increasingly fierce competition in the international market.

Although 2024 was full of challenges, we firmly believe that through active strategic adjustments and precise grasp of future development directions, Homeland Interactive will usher in broader development prospects. Once again, I would like to express my sincere gratitude to all investors for their trust, support and understanding over the past year. In the future, we will continue to forge ahead at a determined pace to achieve sustainable, high-quality development and endeavour to bring long-term value returns to our shareholders!

Best regards,
Wu Chengze
Chairman

Hong Kong, 29 April 2025

BUSINESS REVIEW

In 2024, the gaming industry faced intensified competition, with players demanding higher quality, richer content, and better experiences, while becoming increasingly rational in their willingness to pay. This required us to continuously refine our strategic positioning. In response to these market changes, the Group focused on core product iterations and operational strategy upgrades to better match user needs and enhance our competitive edge. During the Reporting Period, we continued to deepen innovation in both the visual and gameplay aspects of our product portfolio. On the product front, we launched 3D versions of our flagship titles "微樂鬥地主" and "微樂四川麻將". Through meticulous character modeling, dynamic card-play effects, and optimized interface design, we significantly improved visual performance. We also introduced the innovative "Streamer Battle" mode, allowing users to engage in real-time matches with popular streamers, which greatly enhanced social interaction and immersion. In terms of product commercialization strategy, we optimized payment models for selected products, introduced new payment mechanisms to lower top-up thresholds, and revamped the in-game economic system with unique monetization points such as "聚寶盆" and "求神". These efforts effectively strengthened the entertainment, social engagement, and user stickiness of our products. As of 31 December 2024, our DAUs reached 13.38 million, and MAUs hit 64.34 million. The scale of active users remained relatively stable year-on-year and month-on-month. Furthermore, user willingness to pay increased significantly, with the number of paying users rising to 17.76 million, a 35% year-on-year increase. Due to the impact of the aforementioned commercialization strategy, although the number of paying users has increased, the average revenue per paying player ("ARPPU") declined, which had a certain impact on overall revenue. Total revenue for the year amounted to RMB1.386 billion (2023: RMB1.78 billion), representing a year-on-year decrease of 22.1%. We believe that our revised monetization strategies have stabilized the active user base while substantially expanding the paying user pool, laying a solid foundation for future revenue growth.

During the reporting period, the Group also made several efforts in product publishing and marketing to enhance market visibility and brand recognition. In livestreaming, we entered into long-term strategic partnerships with top-tier streamers, who regularly hosted events such as streamer-versus-streamer matches and streamer-versus-fan matches to boost brand exposure. We successfully held large-scale events like the "微樂王炸杯全明星賽" and incubated a group of dedicated streamers, driving downloads and top-ups for core products. In esports, our key tournament accounts like "麻將研究院" and "微樂鬥地主研究院" livestreamed national events such as the "大魔王杯巔峰2v2" and "第二屆中國麻將公開賽" across multiple platforms, bringing traffic to our products via new media outreach. We also partnered with several MCN agencies through revenue-sharing models to expand multi-channel user acquisition, successfully attracting a new batch of seed users. However, these initiatives brought notable financial pressure. Co-operation commissions charged by new media institutions increased by RMB123.4 million, while selling and marketing expenses rose by RMB106 million year-on-year, becoming the main factors behind profit decline. Despite the scale of investment, the related expenditures did not yield significant performance growth during the period, leading to pressure on profitability. As of 31 December 2024, the Group's adjusted net profit attributable to the owners of the Company was RMB29.5 million. Taking into account the impact of share-based payment expenses and certain non-operating one-off factors such as the share of losses from associates and joint ventures, the Group recorded a loss for the year attributable to the owners of the Company of RMB74.2 million.

Despite short-term profit pressure, the Group maintained sufficient operating cash flow, with no material impact on operations. Committed to long-term development, we continued to improve operational efficiency and invest in future growth drivers. During the period, we significantly reduced R&D investment in non-core categories and reallocated resources to competitive niche segments to ensure steady development of our core business. Meanwhile, through diversified initiatives including independent game publishing and globalization, we continued to explore new growth potential with lightweight investment. In diversification, we successfully launched a city-building casual SLG game "家園：夢想派對". The Group also has a pipeline of licensed casual games to support future growth. In independent game publishing, we focused on player preferences and behavior, successfully launching several well-received titles. Some breakout games generated substantial buzz within indie player communities after their release, and with their popularity continuing to rise, their performance is expected to be reflected in 2025, becoming a new growth engine. In terms of globalization, "微樂捕魚場國際版" and "微樂捕魚場越南版" delivered strong results, contributing substantial overseas revenue. Building on this success, we plan to release more casual/social titles in Japan, Southeast Asia, and the Middle East, seizing global market opportunities and accelerating our international expansion. With these strategic deployments, we are confident in the Group's ability to generate long-term, sustainable returns for shareholders.

The Group also places strong emphasis on technological innovation and transformation. We actively explored the deep integration and application of AI across our business operations to drive intelligent upgrades of business process and R&D capabilities. During the Reporting Period, we upgraded our server architecture, ensuring platform stability for massive concurrent users and enabling intelligent deployment and efficient maintenance, which significantly boosted system efficiency. We successfully deployed advanced large language models including DeepSeek, and integrated them with a proprietary knowledge base. This led to the initial development of a multimodal AI agent tailored to the Group's organizational structure. Looking ahead, we plan to refine and roll out this AI agent across all business units to align with project workflows, achieving cost reduction, efficiency enhancement, and quality upgrades across the entire chain, thereby improving the Group's profitability and competitiveness.

On the regulatory and user rights protection in the gaming industry front, we remained highly vigilant and proactively and diligently established a comprehensive compliance system. On the user data protection front, we continued to upgrade and improve its personal information leakage prevention system and optimize its user privacy protection management framework. To combat gaming addiction, all game products integrated real-name authentication and anti-addiction prompts, fully complying with the latest regulatory requirements. We set clear and reasonable limits on gaming hours and spending for underage users, ensuring a healthy environment for minors. For user account and behavior management, we established a rigorous review mechanism covering key aspects such as user account security monitoring and the identification and handling of violations. We will continue to dynamically optimize our compliance measures to ensure the health and compliance of the Group's gaming products and provide a safe, transparent, and trustworthy digital entertainment environment.

In light of our commitment to sustainable development and shareholders' long-term interests, the Board has decided not to declare a final dividend for the year. This prudent move aims to allocate sufficient resources to support business expansion, technological innovation, and global strategic initiatives, thereby strengthening our core competitiveness. Moving forward, we remain dedicated to maximizing shareholder value through a dynamic balance between growth and returns, and repaying shareholders with tangible results.

BUSINESS OUTLOOK

In 2025, the Group will implement the following strategies to drive business expansion and user growth:

1. Advancing Frontier Technologies and Empowering Processes with Technology

Develop proprietary multimodal AI agent and integrate them across key business functions. Build an AI-ready talent pipeline and accelerate end-to-end AI transformation in R&D and operations to upgrade the full organizational workflow and enhance operational efficiency and market competitiveness.

2. Penetrating Regional Markets and Expanding the User Base

Focus on high-potential niche segments, calibrate platform rules and optimize products to meet localized entertainment needs in lower-tier cities and underserved regions. Formulate differentiated marketing strategies based on traffic algorithms to improve user conversion efficiency, expand user scale, and enhance brand recognition.

3. Strengthen Product Pipeline and Grow Overseas Revenue

Continue user-centric R&D and innovation, advance the testing and rollout of multiple reserve projects to ensure product diversity and competitiveness. Speed up the overseas product launch schedule to establish diversified revenue engines.

4. Broaden Strategic Alliances and Explore New Growth Drivers

Leverage industry experience and the Weile brand to expand strategic partner networks. Explore new business opportunities through incubation, investment, and acquisition to inject fresh growth momentum into the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue is consisted of three major components: (i) revenue from self-developed mobile games; (ii) revenue from third-party mobiles games; and (iii) advertising revenue. For self-developed mobile games, the Group's revenue is primarily derived from the sales of virtual tokens. Virtual tokens can be used by the customers to play mobile games of the Group or for purchasing virtual products. For third-party mobile games, the Group provides mobile game publishing service to third-party game development companies. The third-party mobile games are hosted, maintained, operated and updated independently by the relevant game developers. The Group recognizes its revenue, net of the portion of proceeds to be shared with the third-party mobile game developers. Advertising revenue is derived principally from online advertising arrangements. The Group inserts certain in-game advertisement slots into its mini-programs and shares the proceeds with those mini-program platform operators.

The Group's revenue for the year ended 31 December 2024 amounted to approximately RMB1,386.1 million, representing a decrease of 22.1% from approximately RMB1,779.7 million recorded in 2023. The decrease was primarily attributable to the Group's proactive adjustments to the monetization strategies for certain self-developed mobile games. While these adjustments led to a significant expansion in the paying user base, the average revenue per paying user (ARPPU) correspondingly declined, resulting in a 22.6% year-on-year reduction in revenue from self-developed mobile games.

For the year ended 31 December 2024, revenue generated from the Group's sale of virtual tokens, distribution of third-party mobile games and advertising accounted for approximately 87.5%, 10.1% and 2.4% of the Group's total revenue, respectively, as compared with approximately 88.0%, 8.2% and 3.8%, respectively, for the year ended 31 December 2023.

Cost of sales

The Group's cost of sales primarily includes (i) employee benefit expenses; (ii) commissions and fees charged by third-party game distribution channels and payment vendors; (iii) co-operation commissions charged by new media institutions; (iv) commissions charged by game operators; (v) server related and technical support fees; and (vi) depreciation and amortization. The Group's cost of sales increased by approximately 21.6% to approximately RMB756.5 million in 2024 from approximately RMB622.2 million in 2023, primarily due to (i) a RMB123.4 million increase in co-operation commissions charged by new media institutions; and (ii) a RMB36.6 million increase in commissions charged by game operators.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased by 45.6% to approximately RMB629.6 million for the year ended 31 December 2024 from approximately RMB1,157.5 million in 2023, and the Group's gross profit margin decreased to 45.4% for the year ended 31 December 2024 from 65.0% in 2023.

Other income

Other income decreased by approximately 36.1% from approximately RMB63.3 million for the year ended 31 December 2023 to approximately RMB40.5 million for the year ended 31 December 2024. The decrease was primarily due to (i) a RMB11.4 million decrease in interest income from bank deposits; and (ii) a RMB9.8 million decrease in government subsidies.

Other gains and losses

Other gains and losses increased by RMB69.3 million from a loss of approximately RMB5.7 million for the year ended 31 December 2023 to a gain of approximately RMB63.6 million for the year ended 31 December 2024. The increase was primarily due to (i) an increase of RMB34.2 million in gain on disposal of investments in associates; (ii) an increase of RMB23.7 million in gain from changes in fair value of financial assets measures at fair value through profit and loss; (iii) an increase of RMB10.6 million in gain on disposal of subsidiaries; and (iv) an increase of RMB8.6 million in gain on assets disposal transaction.

Foreign exchange gains, net

Foreign exchange gains of approximately RMB6.1 million was recorded for the year ended 31 December 2024 while foreign exchange gains of approximately RMB6.5 million was recorded for the year ended 31 December 2023, mainly due to the fluctuation of exchange rate of Renminbi (RMB) against US dollars.

Selling and marketing expenses

The Group's selling and marketing expenses increased by approximately 31.1% from approximately RMB340.6 million for the year ended 31 December 2023 to approximately RMB446.7 million in 2024. The increase was primarily attributable to an increase of RMB136.5 million in promotion and advertising expenses reflected the Group's intensified efforts to expand market reach and brand visibility.

Administrative and other expenses

The Group's administrative and other expenses decreased by approximately 26.2% from approximately RMB387.9 million for the year ended 31 December 2023 to approximately RMB286.2 million in 2024. The decrease was primarily due to a decrease in RMB48.6 million of share-based payments expenses and a decrease in RMB35.7 in research and development expenses. The Group's research and development expenses decreased by 32.8% from approximately RMB108.7 million for the year ended 31 December 2023 to approximately RMB73.0 million for the year ended 31 December 2024. The decrease was primarily due to a decrease in research and development personnel and salaries.

Loss/profit before income tax

The Group's profit before income tax decreased by approximately 118.3% from a profit of approximately RMB501.1 million for the year ended 31 December 2023 to a loss of approximately RMB91.5 million in 2024. The Group's profit before income tax as a percentage of total revenue decreased from 28.2% for the year ended 31 December 2023 to –6.6% for the year ended 31 December 2024, primarily due to the decreased gross profit and the increased selling and marketing expenses.

Income tax expenses

Income tax expenses decreased by approximately 125.3% from income tax expenses of RMB60.6 million for the year ended 31 December 2023 to income tax credit of RMB15.3 million for the year ended 31 December 2024. The Group's effective tax rates were 16.7% and 12.1% for the years ended 31 December 2024 and 2023, respectively.

Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased by approximately 117.0% from a profit of approximately RMB436.9 million for the year ended 31 December 2023 to a loss of approximately RMB74.2 million for the year ended 31 December 2024. This decrease was mainly attributable to the decreases in revenue and gross profit and the increase in selling and marketing expenses, share of loss of associates and joint venture and impairment losses under expected credit loss model.

Non-IFRS Measures — Adjusted Net Profit

To supplement the Group's consolidated financial statements which are presented in accordance with International Financial Reporting Standards ("**IFRS**"), the Company also used unaudited non-IFRS adjusted net profit as an additional financial measure in order to evaluate its financial performance by eliminating the impact of certain non-recurring and non-cash items that it does not consider indicative of the performance of its business. The Company's management believes that the presentation of non-IFRS measures, in conjunction with the corresponding IFRS measures, provides useful information to investors relating to the Group's financial condition and results of operations. The term "adjusted net profit" is not defined under IFRS. Other companies in the industry which the Group operates in may calculate such non-IFRS item differently from the Group. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact the Group's net profit for the Reporting Period and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under IFRS.

The following table sets out the calculation of adjusted net profit attributable to the owners of the Company for the years indicated:

	For the year ended 31 December 2024 RMB'000
Profit for the year attributable to the owners of the Company	(74,174)
Add:	
Share-based payment expenses	25,084
Share of loss of associates and joint ventures	30,126
Impairment losses under expected credit loss model recognized on loans receivables (net of income tax)	48,484
Adjusted net profit attributable to the owners of the Company	29,520

	For the year ended 31 December 2023 RMB'000
Profit for the year attributable to the owners of the Company	436,936
Add:	
Share-based payment expenses	62,457
Adjusted net profit attributable to the owners of the Company	499,393

For the year ended 31 December 2024, the adjusted profit attributable to owners of the Company was approximately RMB29.5 million. This figure has excluded the impact of the following non-cash items: (1) share-based payment expenses; (2) the share of losses in undistributed profits of subsidiaries operated by associates and joint ventures in China; and (3) impairment losses on loans receivable recognized under the expected credit loss model (net of tax effects).

LIQUIDITY AND CAPITAL RESOURCES

For the year ended 31 December 2024, the Group financed its operations primarily through cash generated from the Group's operating activities. The Group intends to finance its expansion and business operations with internal resources and through organic and sustainable growth.

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements from time to time.

Cash and cash equivalents

The Group primarily operates its business in the PRC and its transactions and revenue were primarily denominated in Renminbi. The Group has certain cash and cash equivalents and trade receivables denominated mostly in HK dollars and US dollars, with the remaining portion denominated in Euros and Singapore dollars, and is exposed to foreign exchange risk arising from exchange rate fluctuation of RMB against HK dollars and US dollars. As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB755.0 million (31 December 2023: approximately RMB1,340.9 million), which primarily consisted of cash at bank. Out of the RMB755.0 million, approximately RMB699.6 million is denominated in Renminbi, approximately RMB41.2 million is denominated in US dollars, approximately RMB9.5 million is denominated in HK dollars, approximately RMB0.1 million and RMB4.6 million is denominated in Euros and Singapore dollars, respectively. The Group currently does not hedge transactions undertaken in foreign currencies.

The Group currently does not have any hedging policy for foreign currencies in place. However, the Board will remain alert to any relevant risks and, if necessary, consider to hedge any material potential foreign exchange risk.

INDEBTEDNESS

During the year ended 31 December 2024, the Group did not have any short-term or long-term bank borrowings and had no outstanding bank and other borrowings and other indebtedness apart from lease liabilities for the relevant lease terms amounting to RMB21.3 million in aggregate (31 December 2023: RMB20.8 million).

Gearing ratio

The gearing ratio was zero since there was no borrowings as at 31 December 2024. The Group's gearing ratio represented the percentage of the sum of non-current and current borrowings over total assets.

Charge on assets

As at 31 December 2024, the Group did not pledge any of its assets.

Capital expenditures

For the year ended 31 December 2024, the Group's capital expenditure amounted to approximately RMB387.8 million (for the year ended 31 December 2023: approximately RMB63.8 million), which mainly comprised expenditures on the purchase of office furniture and equipment, motor vehicles, leasehold improvements, the purchase of game publishing right, copyright of game software and computer software, the purchase of equity instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss as well as investment in joint ventures and associates. The Group funded its capital expenditure by using the cash flow generated from its operations. The capital expenditure for the year ended 31 December 2024 was significantly higher as expenditures increased with respect to the investment in financial assets at fair value through profit or loss, investment in associates and investment in joint ventures.

Contingent liabilities and guarantees

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

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2024, the Group did not held any significant investments.

MATERIAL ACQUISITIONS, DISPOSALS AND FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS

The Group did not have any material acquisitions or disposals of subsidiaries, joint ventures, associates or financial assets during the Reporting Period. As at 31 December 2024, the Group did not have any future plans for significant investments or capital assets.

EMPLOYEES AND STAFF COSTS

As at 31 December 2024, the Group had a total of 604 full time employees, mainly located in mainland China. In particular, 299 employees are responsible for the Group's research and development, 103 for technical support, 110 for marketing and 92 for operations and general administration. The total staff cost incurred by the Group for the year ended 31 December 2024 was approximately RMB192.1 million compared to approximately RMB278.9 million in 2023. The decrease was mainly due to (i) the reduction in the numbers of the Group's full time employees; and (ii) the Group implemented targeted cost-saving measures during the fiscal year, including workforce optimization, to enhance operational efficiency.

The Group invests in employee development through structured orientation for new hires and ongoing training programs for junior staff, enhancing workforce capabilities and productivity. Our compensation framework combines competitive base salaries with performance-based bonuses, supplemented by equity incentives including a Share Award Scheme (the "**Share Award Scheme**") implemented on 6 June 2019 to align the employees' interests with that of the Company. In full compliance with PRC regulations, we participate in all mandatory social security programs covering pension, medical, maternity, unemployment insurance, and housing funds through local government administrations. Employee remuneration packages — determined by the Board based on merit, qualifications, experience, and market benchmarks — incorporate multiple components: base salaries, allowances, performance bonuses, equity incentives (where eligible), and comprehensive statutory benefits, ensuring market-competitive and compliant talent retention.

Further details of the Share Award Scheme is set out in the section headed "Report of Directors — SHARE INCENTIVE SCHEMES" of this annual report.

DIRECTORS

Executive Directors

Mr. WU Chengze (吳承澤), aged 40, is a founder and the Chairman of the Group and an executive Director of the Company. Mr. Wu is primarily responsible for formulating and implementing the overall development strategies and business plans of the Group and overseeing the overall development and operations of our Group. He was appointed as a Director on 7 May 2018 and his position as Chairman and Chief Executive Officer took effect on 20 September 2018. He resigned as the Chief Executive Officer on 5 September 2023. He has held various other positions in the Group, including chief operating officer of the Group prior to 2014 and the general manager of Jiaxiang Interactive (Xiamen) Network Technology Company Limited (家鄉互動(廈門)網絡科技有限公 司) ("**Jiaxiang Interactive**") since September 2015. Mr. Wu has over ten years of experience in the game industry. Prior to founding the Group, Mr. Wu worked at Changchun Anxin Power Technology Co., Ltd. (長春安信電力科技有限公司) as a programmer from August 2006 to September 2009. Mr. Wu is a director of Wu Chengze Network Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "**SFO**").

Mr. Wu completed his master's degree in law in July 2009 at Jilin University (吉林大學) in the PRC.

Mr. SU Bo (蘇波), aged 40, is a founder and the Chief Investment Officer of the Group. Mr. Su is primarily responsible for overseeing and managing the strategic development and expansion plan of the Group. He was an executive Director from May 2018 to May 2023. He has held various other positions in the Group, including officer responsible for overseeing the financial, legal and administrative matters of the Group and chief investment officer of the Group since February 2018. Mr. Su has over ten years of experience in the game industry. Prior to founding the Group, Mr. Su worked at Changchun Anxin Power Technology Co., Ltd. (長春安信電力科技有限公司) as a programmer from July 2007 to November 2009. Since September 2017, Mr. Su has also been a mentor of post-graduate students at Changchun University of Technology (長春工業大學). Mr. Su is a director of Su Bo Network Limited, a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mr. Su completed his bachelor's studies in computer software (through distance learning) from Jilin University (吉林大學) in the PRC in June 2007.

Mr. DING Chunlong (丁春龍), aged 37, is an executive Director of the Company. Mr. Ding has over 7 years of experience in game operation and new media marketing and has served as a consultant of the Group. From March 2017 to June 2022, Mr. Ding worked with Jilin Yuke Network Technology Company Limited as a consultant, and was responsible for the company's overall operation. Since July 2022, Mr. Ding has been a consultant at Yutai (Shenzhen) Network Technology Co., Ltd.* (豫泰(深圳)網路科技有限公司), primarily responsible for the application and research of the Group's new media operation, live entertainment and infomercial short video production business.

Mr. Ding obtained his certificate of specialization from Changchun University of Technology (長春理工大學) in the PRC.

Independent Non-Executive Directors

Mr. ZHANG Yuguo (張玉國), aged 54, was appointed as an independent non-executive Director of the Company on 5 June 2019, and is responsible for providing independent advice to the Board. Mr. Zhang has worked in Jilin University since March 1996 and currently serves an Associate Professor of the Northeast Asian Studies College of Jilin University (吉林大學東北亞研究院) in the PRC.

Mr. Zhang obtained his doctor degree in law from the College of Administration of Jilin University (吉林大學行政學院) in June 2008.

Mr. HU Yangyang (胡洋洋), aged 35, was appointed as an independent non-executive Director of the Company on 5 June 2019, and is responsible for providing independent advice to the Board. Mr. Hu serves as an associate of the Investment Banking Division of Ping An Securities Co., Ltd. since July 2015, primarily advising on initial public offerings and other corporate finance related matters. Prior to joining Ping An Securities Co., Ltd., Mr. Hu worked at the Financial Services Organization of Ernst & Young Hua Ming LLP Shanghai Branch from October 2012 to March 2015 and was mainly responsible for conducting financial audits.

Mr. Hu received his bachelor's degree in business administration from Shanghai Jiao Tong University (上海交通大學) in the PRC in June 2012 and obtained his master's degree in economics from Shanghai University of Finance and Economics (上海財經大學) in June 2018. Mr. Hu has been a non-practising member of The Chinese Institute of Certified Public Accountants (CICPA) since March 2017 and became a member of The Association of Chartered Certified Accountants (ACCA) since March 2017.

Ms. GUO Ying (郭瑩), aged 63, was appointed as an independent non-executive director of the Company on 29 December 2020, and is responsible for providing independent advice to the Board. Ms. Guo worked as a project assistant in the engineering department at Jilin Cogeneration Plant from March 1983 to April 1999. She was a training manager of human resources department at Changchun Noble Hotel (currently known as Hainan Airline Hotel Noble Changchun) from May 1999 to October 2005. From November 2005 to December 2016, Ms. Guo served as the recruitment manager of human resources department at Jilin Electric Power Research Institute Co., Ltd.

Ms. Guo obtained her bachelor's degree in thermal power engineering from Northeast Electric Power College (東北電力學院) (currently known as Northeast Electric Power University (東北電力大學)) in the PRC in 1998.

SENIOR MANAGEMENT

Ms. CUI Wei (崔瑋), aged 43, is the Chief Executive Officer of the Company. Ms. Cui was the joint company secretary of the Company from 7 May 2021 to 4 September 2023. Ms. Cui joined the Group in March 2021 as chief strategy officer, and was appointed as a joint company secretary in May 2021, responsible for the Company's capital markets, investments, mergers and acquisitions matters. Ms. Cui has also served as the general manager of the Group's Shenzhen branch since 2022, leading multiple business sectors such as domestic and overseas innovative game research and development. From 2014 to 2020, Ms. Cui served as the senior vice president of Mango Investment (芒果文創基金)* (EZY Capital), engaging in private equity investment. From 2007 to 2014, Ms. Cui worked at Advertising Centre of Hunan Radio and Television Station.

Ms. Cui obtained her master's degree in Communication from The Chinese University of Hong Kong in 2007 and her bachelor's degree in journalism from Communication University of China in 2004.

Mr. LI Wei (李偉), aged 41, is the assistant of the Chairman of the Group. He is responsible for assisting the Chairman of the Group in formulating and implementing the overall development strategies and business plans of the Group. Mr. Li joined the Group in August 2013 and has held various positions in the Group, including marketing director at Jilin Xinze. He has over 14 years of experience in sales management. Prior to joining the Group, Mr. Li served as sales manager at Beijing Yicai Internet Technology Co., Ltd. (北京易彩互聯科技有限公司) from May 2005 to December 2006. From January 2007 to March 2008, he was the sales development director of Asian Financial (Beijing) Investment Co. Ltd. (亞洲金控(北京)投資有限公司). From December 2010 to July 2013, Mr. Li worked at Netconcepts Internet Technology (Beijing) Co., Ltd. (耐特康賽網絡技術(北京)有限公司) as business development director.

Mr. Li received a diploma in e-commerce from Beijing Wuzi University (北京物資學院) in the PRC in January 2007.

JOINT COMPANY SECRETARIES

Ms. NG Ka Man (吳嘉雯) is a joint company secretary of the Company and was appointed on 28 March 2022. Ms. Ng is a senior manager of the Listing Services Department of TMF Hong Kong Limited and is responsible for provision of corporate secretarial and compliance services to listed company clients. She has over 17 years of experience in the company secretarial field. She is a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Mr. WU Jieran (吳介然) is a joint company secretary of the Company and was appointed on 26 September 2023. Mr. Wu joined the Company in March 2021 as the Investment Director of the Strategic Investment Department, responsible for the Company's capital market affairs, strategic investments and acquisitions, financial investments, and comprehensive financial and legal management of invested subsidiaries. Mr. Wu has 12 years of working experience in the fields of financial management, strategic investment and risk management. Before joining the Group, Mr. Wu served as the risk control director of EZY Capital and is responsible for the due diligence and risk assessment of the company's proposed investment projects, as well as the overall management of the financial and legal affairs of the invested companies. From 2011 to 2016, he served as the manager of the Audit Department at PWC Shanghai Branch. During his tenure at PWC, Mr. Wu participated in numerous M&A transactions and provided audit services to U.S. and Hong Kong-listed companies based on the old and new Chinese Accounting Standards for Business Enterprises, international and Hong Kong Accounting Standards for Business Enterprises, US Accounting Standards, etc.

Mr. Wu obtained a bachelor's degree in management from Shanghai University of Finance and Economics in 2011. In 2016, Mr. Wu passed the fund practitioner qualification examination organized by the Asset Management Association of China. Later, Mr. Wu became a member of the Chinese Institute of Certified Public Accountants in 2017.

The Directors are pleased to present this annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024. Other sections, reports or notes of this annual report mentioned below form part of this Report of Directors.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the development and operation of localized mobile card and board games in China with a special focus on localized mahjong and poker games. The Group also develops and operates casual games and beginning in August 2018, leveraging its large player base, the Group commenced the distribution of third-party mobile games. In 2017, the Group recognized the increasing need for socialising functions in mobile games and introduced private game room function to some of its mahjong and poker game products. In 2018, the Group broadened its income stream by inserting certain in-game advertisement slots in its mini-programs and shared the income, typically measured by user clicks, with those mini-program platform operators, mainly WeChat. A list of the Company's subsidiaries, together with their places of incorporation, principal activities and particulars of their issued shares/paid up capital, is set out in note 39 to the consolidated financial statements in this annual report.

BUSINESS REVIEW

Overview and Performance of the Year

A review of the business of the Group during the year ended 31 December 2024, a discussion and analysis on the Group's future business development and the key financial and operational performance indicators employed by the Directors in measuring the performance of the Group's business are set out in the section headed "Management Discussion and Analysis" on pages 12 to 17 of this annual report.

Environmental Policies and Performance

The Group is not subject to any significant health, safety or environmental risks. The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. Details of such are set out in the section headed "Environmental, Social and Governance Report" of this annual report.

Compliance with Relevant Laws and Regulations

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

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group and has obtained all material licenses, approvals and permits from relevant regulatory authorities for the operations of the Group in the PRC. During the year ended 31 December 2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Key Relationship with Stakeholders

The Group recognizes that various stakeholders including employees, customers, suppliers and shareholders. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationship with them.

The remuneration of employees of the Group will be based on their performance, experience and the prevailing market remuneration. The total remuneration of employees includes basic salaries and performance-based bonus. Moreover, the Group has also adopted a Share Option Scheme and a Share Award Scheme. The remuneration policy of the Directors is reviewed and determined by the remuneration committee having regard to the Directors' experience, responsibilities, workload and time devoted to the Group and performance of the Group.

The Company's major suppliers include third-party game distribution channels, payment vendors, cloud service providers, internet data center providers and online and offline advertising partners. On average, the Company has 5 years of business dealings with its major suppliers. All of the Company's five largest suppliers are independent third parties.

The Company's ultimate customers are individual game players, who purchase virtual tokens for consumption in the Group's self-developed mobile game products.

The principal goal of the Group is to maximize the return to the shareholders of the Company. The Group will focus on its core business for achieving sustainable profit growth and rewarding the shareholders with dividend payouts taking into account the business development needs and financial health of the Group.

During the year ended 31 December 2024, there were no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

Key Risks and Uncertainties and Risk Management

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Board is aware that the Group is exposed to various risks and the principal risks and uncertainties are summarized below:

- two game categories, namely mahjong and poker game variations have accounted for a substantial portion of the Group's revenue; any failure to maintain or enhance the performance of games in these game categories could materially and adversely affect the Group's business and results of operations;

- the growth of the Group depends on its ability to attract new players and retain existing players. If the Group fails to strengthen its existing game portfolio, launch high-quality new games or game variations and enhance player experience, its ability to continue to retain existing players and attract new players will be materially and adversely affected;

- the Group primarily distributes its mobile game products through its proprietary channel; any disruption of its proprietary channel could materially and adversely affect the Group's business, financial condition and results of operation;

- only a portion of the Group's registered players were paying players. To sustain growth of the Group, it must continue to monetize its players more effectively. If the Group is unable to retain its paying players, attract new paying players, convert non-paying players to paying players or increase or maintain the in-game purchases by its players, the Group's revenue and profit margin may be adversely affected;

- the Group utilizes third party payment vendors, mainly WeChat Pay and Alipay, to facilitate players' in-game purchases. The Group relies on the stability of such payment transmissions to ensure the continued payment services to be available to its players and is subject to risks and uncertainties associated with the use of third party payment vendors;

- the Group primarily relies on its self-generated user traffic. However, it also from time to time utilize various third-party game distribution channels, including cellphone manufacturers such as Huawei, OPPO and Vivo and major online application stores, such as Tencent MyApp (騰訊應用寶) and Apple Inc.'s App Store, for the distribution and promotion of its game products. If the Group is unable to maintain good relationships with these third-party distribution channels, its business and results of operations will be adversely affected; and

- the mobile game industry in the PRC is under increased public scrutiny and is subject to complex and evolving domestic and international laws and regulations and the Group's games and operations are subject to laws and regulations of the PRC. There is no assurance that such laws and regulations would not be interpreted in ways that could affect the Group's business.

The Company believes that risk management is essential to the Group's efficient and effective operation. The Company's management assists the Board in evaluating material risk exposure arising internally and externally from the Group's business, including operational risks, financial risks, regulatory risks, etc. and proactively setting up appropriate risk management and internal control mechanism which is embedded in daily operation management.

Events after Reporting Period

On 2 April 2025, the Company granted a total of 3,624,487 award shares to 6 selected participants under the Share Award Scheme. For details, please refer to the announcement of the Company dated 2 April 2025.

On 2 April 2025, the Board resolved to terminate the existing share option scheme and proposed the adoption of the 2025 Share Scheme. The adoption of the 2025 Share Scheme is subject to, among others, approval by the Shareholders at a general meeting. For details, please refer to the announcement of the Company dated 2 April 2025.

Save for the above disclosure, there have been no other material events occurring after the Reporting Period and up to the date of this annual report that would have any impact on the Company.

Outlook for 2025

In 2025, the Group will continue its efforts to further solidify its leading position in the localized mobile card and board game industry in China by continuing the growth strategies set out in page 11 of this annual report.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were:

Executive Directors

Mr. WU Chengze *(Chairman)*
Mr. SU Bo *(appointed on 5 April 2024)*
Mr. DING Chunlong
Mr. TANG Yinghao *(resigned on 6 June 2024)*

Independent Non-Executive Directors

Mr. ZHANG Yuguo
Mr. HU Yangyang
Ms. GUO Ying

Biographies of the Directors and Senior Management

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 18 to 21 of this annual report.

Service Contracts, Service Agreements and Letters of Appointment of the Directors

Each of the Company's executive Directors has entered into a service contract with the Company on 5 June 2022, and the Company's independent non-executive Directors have signed letters of appointments with the Company. The service contracts with each of the executive Directors, other than Mr. Ding Chunlong and Mr. Su Bo, and the letters of appointment with the independent non-executive directors, other than Ms. Guo Ying, are for an initial fixed term of three years commencing from 4 July 2022. The service agreement with Mr. Ding Chunlong is with a fixed term of three years commencing from 30 March 2023. The service agreement with Mr. Su Bo with a term of three years commencing from 5 April 2024. The letter of appointment with Ms. Guo Ying is an initial fixed term of three years commencing from 29 December 2023. The service contracts and letters of appointment may be terminated in accordance with the respective terms thereof. The service contracts may be renewed in accordance with the Company's amended and restated memorandum and articles of association (the "**Articles of Association**") and the applicable Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

None of the Directors proposed for re-election at the forthcoming AGM has a service contract or a letter of appointment with the Company or any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Remuneration of the Directors and Five Highest Paid Individuals

Details of the Directors' remuneration and the five highest paid individuals in the Group are set out in note 13 to the consolidated financial statements in this annual report.

Independence of Independent Non-Executive Directors

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant. The Company considers that all of the independent non-executive Directors are independent in accordance with the guidelines set out in the Listing Rules.

Change in Directors' Biographical Details under Rule 13.51B(1) of the Listing Rules

Saved as disclosed in this annual report, since the date of the 2024 interim report, there has been no change in the Directors' biographical details which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Employees and Remuneration Policies

The Directors believe that effective talent management is the foundation for the Group's successful long-term development. The Group greatly values its employees and will continue to attract, cultivate and retain talent. The Group provides orientation and training to new recruits as well as ongoing inhouse training for junior employees, which the Group believes can enhance the skills and productivity of its employees. The Group compensates employees with base salaries and performance-based bonuses. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of the determinations on salary raises, bonuses and promotion. The Directors believe the salaries and benefits that the Group's employees receive are competitive with market standards in each geographic location where the Group conducts business. In addition, the Company has adopted a share option scheme and a share award scheme to incentivize employees and senior management and to align their interests with that of the Company.

SHARE INCENTIVE SCHEMES

Share Option Scheme

On 5 June 2019, a share option scheme (the "**Share Option Scheme**") of the Company was approved and adopted by the shareholders of the Company. The purpose of the Share Option Scheme is to incentivize and reward the employees (whether full time or part-time) or directors of members of the Group or associated companies of the Company (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. Pursuant to the Share Option Scheme, 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 Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of shares of the Company (the "**Share(s)**") as the Board may determine to an Eligible Person.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes (the "**Other Schemes**") of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the listing date of the Company (the "**Listing Date**"), being 125,600,000 Shares (equivalent to approximately 9.79% of the Company's share capital in issue as at the date of this annual report), or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion (the "**Scheme Mandate Limit**").

Options lapsed in accordance with the terms of the Share Option Scheme and any other scheme of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

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 Share Option Scheme and any Other Schemes of the Company to Eligible Persons must not exceed 30% of the total number of Shares in issue from time to time.

No options shall be granted to any Eligible Person under the 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, exceeds 1% of the Shares in issue at such date or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion. Any further grant of options to an Eligible Person in excess of this 1% limit or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion shall be subject to the approval of the Shareholders in general meeting with such Eligible Person and his close associates (or if such Eligible Person is a connected person of the Company, his associates) abstaining from voting.

The Share Options granted shall be open for acceptance for a period of not exceeding 30 days inclusive of, and from, the date of offer of the Share Options. An offer of Share Options not accepted within this period shall lapse. An amount of HK$1.00 is payable upon acceptance of the grant of the Share Options and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

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.

The Share Option Scheme has been terminated on 2 April 2025. For details, please refer to the announcement of the Company dated 2 April 2025.

Any option shall be vested on an option-holder immediately upon his 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 fulfillment of the vesting conditions (as the case may be). Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board in its sole discretion may, unless the Board determines otherwise in its absolute discretion, be exercised at any time from the next business day after the offer of options has been accepted. Any option which remain 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.

Up to 30 September 2021, out of the 62,360,000 Share Options granted on 14 November 2019, 1,600,000 options granted to two option grantees were lapsed due to the termination of their employment with the Company, and 60,760,000 Share Options remained outstanding ("**Outstanding Existing Options**"). As at 30 September 2021, none of the Share Options were exercised by the option grantees. The Board resolved to cancel the Outstanding Existing Options with effect from 30 September 2021. For the year ended 31 December 2024, no Share Options were granted under the Share Option Scheme. As at 1 January 2024 and 31 December 2024, 63,240,000 Share Options and 63,240,000 Share Options were available to be granted under the Share Option Scheme, respectively.

During the Reporting Period, rule 17.07(3) of the Listing Rules was not applicable to the Share Option Scheme for the year as the Company did not grant any Share Options that involve issue of new Shares in 2024.

Please refer to note 37 to the financial statements for further information of the Share Option Scheme.

Share Award Scheme

The Share Award Scheme was approved and adopted by the Board on 6 June 2019, under which the Board may, from time to time at its absolute discretion select any individual who is an employee, officer, agent or consultant of the Company or any of its subsidiaries (the "**Subsidiaries**" and for the avoidance of doubt, including Jiaxiang Interactive (Xiamen) Network Technology Company Limited and its subsidiaries) who is not a connected person (as defined or deemed to be the case under the Listing Rules) of the Company; and if the Board or any committee of the Board delegated with the power and authority to administer the Share Award Scheme so determines in its absolute discretion, any director (including executive and non-executive director) of the Company or any Subsidiary to be a selected participant and grant Share Awards to such selected participant.

The purpose of the Share Award Scheme is to (i) encourage or facilitate the holding of Shares by the participants selected by the Board in accordance with the terms of and entitled to receive a grant of share awards (the "**Share Awards**") under the Share Award Scheme (the "**Selected Participant**"); (ii) encourage and retain such individuals to work with the Group; and (iii) provide additional incentive for them to achieve performance goals. The Share Award Scheme shall be valid for ten years commencing from the adoption date.

As at the date of this report, the number of Share Awards available for issue under the Share Award Scheme were nil, representing 0% of issued shares of the Company as at the date of this report.

The maximum number of new Shares that can be allotted and issued for the purpose of the Share Award Scheme in any financial year is 3% of the total number of issued Shares at the relevant time (the "**New Share Limit**"); and the maximum number of new Shares that can be allotted and issued to a Selected Participant in any 12-month period is 1% of the total number of issued Shares at the relevant time. There is no limit on (i) the number of Shares that can be purchased pursuant to the Share Award Scheme or (ii) the amount paid to the Trustee for the purpose of making such a purchase.

On 3 June 2024, the Board resolved that the Share Award Scheme would only apply to the existing shares of the Company and would not involve the issuance of any new shares. For details, please refer to the announcement of the Company dated 3 June 2024.

There is no amount payable and payment term upon acceptance of the Share Awards, and no purchase price for Shares awarded under the Share Award Scheme. The Board may from time to time while the Share Award Scheme is in force determine any vesting criteria or conditions for any Share Awards to be vested or credited. Such vesting criteria may be based on the passage of time after the grant of Share Awards, the satisfaction of specified performance criteria relating generally to the Company or particularly to a Selected Participant or the satisfaction of any other conditions as the Board may in its discretion determine for any Selected Participant and as set out in the relevant grant letter or agreement for and with the relevant Selected Participant.

Subject to any termination as may be determined by the Board pursuant to the Share Award Scheme Rules, the Share Award Scheme shall be valid and effective for a period of ten (10) years commencing on 6 June 2019. Accordingly, as at 31 December 2024, the remaining life of the Share Award Scheme is approximately 4.5 years.

Details of the Share Awards granted under the Share Award Scheme

In May 2019, the Company has appointed The Core Trust Company Limited as a trustee for the purpose of the Share Award Scheme pursuant to the Share Award Scheme Rules. In November 2021, the Company has appointed Futu Trustee Limited (together with The Core Trust Company Limited, the "**Trustees**") as another trustee for the purpose of the Share Award Scheme pursuant to the Share Award Scheme Rules. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Trustees and their ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company. The Company had entered into separate trust deeds with the two Trustees in relation to their respective appointment as the trustee of the Share Award Scheme (the "**Trust Deeds**"). The Trustees shall administer the Share Award Scheme in accordance with the Share Award Scheme Rules and the respective Trust Deeds.

Rule 17.07(3) of the Listing Rules was not applicable to the Share Award Scheme for the year as the Company did not grant any Share Awards to be satisfied through the issue of new Shares by the Company in 2024.

As of 31 December 2023, details of the Share Awards granted to the grantees and Share Awards repurchased by the Trustee on the open market pursuant to the Share Award Scheme are set out below:

Category of Participants	Award Date	Number of Share Awards	Purchase Price	Vesting Period	Number of Share Awards: Unvested as at 1 January 2023	Granted During the Year	Vested During the Year	Lapsed During the Year	Canceled During the Year	Unvested as at 31 December 2023
Share Awards settled through the issuance of new shares by the Company to the grantees										
Mr. TANG Yinghao (Executive Director for the year 2023)	30 September 2021	1,000,000	US$0.000005 per Share Award	30 April 2022 to 30 April 2024	600,000	–	300,000	–	–	300,000
Other employees	30 September 2021	600,000	US$0.000005 per Share Award	30 April 2022 to 30 April 2024	360,000	–	180,000	–	–	180,000
Other employees	30 September 2021	25,803,500	US$0.000005 per Share Award	30 April 2022 to 30 April 2024	12,078,000	–	5,673,750	1,166,250	–	5,238,000
Share Awards settled through shares repurchased by the trustee on the open market										
Mr. TANG Yinghao (Executive Director for the year 2023)	9 May 2023	100,658	Nil	9 May 2023	–	100,658	100,658	–	–	–
Mr. DING Chunlong	9 May 2023	12,000,000	Nil	9 May 2023	–	12,000,000	12,000,000	–	–	–
(Executive Director	10 October 2023	19,000,000	Nil	10 October 2023	–	19,000,000	19,000,000	–	–	–
for the year 2023)	10 November 2023	1,250,000	Nil	10 November 2023	–	1,250,000	1,250,000	–	–	–
Mr. GUO Shunshun (Executive Director, resigned on 1 June 2023)	9 May 2023	1,000,000	Nil	9 May 2023	–	1,000,000	1,000,000	–	–	–
Five highest paid Individuals of 2023 (not being directors of the Company)	9 May 2023	3,184,916	Nil	9 May 2023	–	3,184,916	3,184,916	–	–	–
Other employees	9 May 2023	3,026,101	Nil	9 May 2023	–	3,026,101	3,026,101	–	–	–
Total		67,965,175			13,038,000	39,561,675	45,715,425	1,166,250	–	5,718,000

Notes:

1. For details of the above Share Awards (including the vesting conditions, if any), please refer to note 37 to the financial statements. For details of the accounting policy for share-based payment and the basic for fair value calculation, please refer to note 3 to the financial statements.

2. For the Share Awards granted on 9 May 2023, the closing price of the shares on 8 May 2023, which was the trading day immediately preceding the relevant date of grant, was HK$1.66. The fair value of the relevant Share Awards of HK$31,092,000 (equivalent to RMB27,152,000) was determined based on the market price on the date of grant of HK$1.61 per share.

3. For the Share Awards granted on 10 October 2023, the closing price of the shares on 9 October 2023, which was the trading day immediately preceding the relevant date of grant, was HK$2.05. The fair value of the relevant Share Awards of HK$39,250,000 (equivalent to RMB32,180,000) was determined based on the market price on the date of grant of HK$2.08 per share.

4. For the Share Awards granted on 10 November 2023, the closing price of the shares on 9 November 2023, which was the trading day immediately preceding the relevant date of grant, was HK$2.11. The fair value of the relevant Share Awards of HK$2,675,000 (equivalent to RMB2,459,000) was determined based on the market price on the date of grant of HK$2.14 per share.

5. The weighted average closing price of the shares immediately preceding the vesting of the Share Awards during 2023 was HK$1.86 per share.

6. Pursuant to the New Share Limit, the number of Share Awards available for issuance under the Share Award Scheme as at 1 January 2023 and 31 December 2023 were 38,502,105 shares and 38,502,102 shares, respectively.

7. The shares price was obtained from Futu.

As of 31 December 2024, details of the Share Awards granted to the grantees and Share Awards repurchased by the Trustee on the open market pursuant to the Share Award Scheme are set out below:

					Number of Share Awards					
Category of Participants	Award Date	Number of Share Awards	Purchase Price	Vesting Period	Unvested as at 1 January 2024	Granted During the Reporting Period	Vested During the Reporting Period	Lapsed During the Reporting Period	Canceled During the Reporting Period	Unvested as at 31 December 2024
Share Awards settled through the issuance of new shares by the Company to the grantees										
Mr. TANG Yinghao (resigned as an Executive Director on 6 June 2024)	30 September 2021	1,000,000	US$0.000005 per Share Award	30 April 2022 to 30 April 2024	300,000	–	300,000	–	–	–
Employees	30 September 2021	600,000	US$0.000005 per Share Award	30 April 2022 to 30 April 2024	180,000	–	180,000	–	–	–
Employees	30 September 2021	25,803,500	US$0.000005 per Share Award	30 April 2022 to 30 April 2024	5,238,000	–	5,043,000	195,000	–	–
Share Awards settled through shares repurchased by the trustee on the open market										
Mr. DING Chunlong (Executive Director)	2 April 2024	698,338	Nil	2 April 2024	–	698,338	698,338	–	–	–
Mr. SU Bo (Executive Director)	2 April 2024	698,338	Nil	2 April 2024	–	698,338	698,338	–	–	–
Ms. CUI Wei (Chief Executive Officer)	2 April 2024	1,000,000	Nil	2 April 2024	–	1,000,000	1,000,000	–	–	–
Other employees	2 April 2024	2,435,865	Nil	2 April 2024	–	2,435,865	2,435,865	–	–	–
Five highest paid Individuals of 2024 (not being directors of the Company)	3 June 2024	2,173,913	Nil	3 June 2024	–	2,173,913	2,173,913	–	–	–
Five highest paid Individuals of 2024 (not being directors of the Company)	10 September 2024	10,660,000	Nil	10 September 2024	–	10,660,000	10,660,000	–	–	–
Other employees	10 September 2024	11,786,201	Nil	10 September 2024	–	11,786,201	11,786,201	–	–	–
Total		56,856,155			5,718,000	29,452,655	34,975,655	195,000	–	–

Notes:

1. For details of the above Share Awards (including the vesting conditions, if any), please refer to note 37 to the financial statements. For details of the accounting policy for share-based payment and the basic for fair value calculation, please refer to note 3 to the financial statements.

2. For the Share Awards granted on 2 April 2024, the closing price of the shares on 28 March 2024, which was the trading day immediately preceding the relevant date of grant, was HK$2.54. The fair value of the relevant Share Awards of HK$10,631,590.20 (equivalent to RMB9,640,725.99) was determined based on the market price on the date of grant of HK$2.2 per share. The Share Awards were not subject to any specific conditions, performance targets or lock-up restrictions.

3. For the Share Awards granted on 3 June 2024, the closing price of the shares on 31 May 2024, which was the trading day immediately preceding the relevant date of grant, was HK$2.06. The fair value of the relevant Share Awards of HK$4,586,956.43 (equivalent to RMB4,167,708.61) was determined based on the market price on the date of grant of HK$2.11 per share. The Share Awards were not subject to any specific conditions, performance targets or lock-up restrictions.

4. For the Share Awards granted on 10 September 2024, the closing price of the shares on 9 September 2024, which was the trading day immediately preceding the relevant date of grant, was HK$1.26. The fair value of the relevant Share Awards of HK$16,739,356.43 (equivalent to RMB15,254,829.23) was determined based on the market price on the date of grant of HK$1.14 per share. The Share Awards were not subject to any specific conditions, performance targets or lock-up restrictions.

5. For the Share Awards granted on 30 September 2024, 2 April 2024, 3 June 2024 and 10 September 2024, the weighted average closing prices of the shares immediately preceding the vesting of the Share Awards during the Reporting Period were HK$1.99 per share, HK$2.54 per share, HK$2.06 per share and HK$1.26 per share, respectively. The weighted average closing price of the shares immediately preceding the vesting of the Share Awards during the Reporting Period was HK$1.51 per share.

6. Pursuant to the New Share Limit, the number of Share Awards available for issuance under the Share Award Scheme as at 1 January 2024 was 38,502,105 shares. As disclosed above, the Board resolved on 3 June 2024 that the Share Award Scheme would only apply to the existing shares and would not involve the issuance of any new shares thereafter. Accordingly, there were no Share Awards available for issuance under the Share Award Scheme as at 31 December 2024.

7. The shares price was obtained from Futu.

Save as disclosed above, there has been no options granted and outstanding under the Share Option Scheme or Share Awards granted under the Share Award Scheme during the year ended 31 December 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Saved as disclosed in this annual report, as at 31 December 2024, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, there was no transaction, arrangement or contract of significance subsisted in which a Director or an entity connected with a Director was materially interested, whether directly or indirectly, during or at the end of the Reporting Period.

CONTINUING CONNECTED TRANSACTIONS

The following transactions of the Group constituted continuing connected transactions for the Group for the year ended 31 December 2024 and as of the date of this annual report. All capitalized terms used in this section shall have the same meaning defined in the announcement of the Company dated 22 March 2024 in relation to the continuing connected transactions for establishing New Contractual Arrangements, unless otherwise specified.

Non-Exempt Continuing Connected Transactions

The Group is primarily engaged in the development and operation of localised mobile card and board games business, as the business continues to grow, the Group is paying an increasing attention to the growth and investment value of non-card and board game business and has successfully launched a variety of casual games targeting both domestic and overseas players. Hence, we are considered to be engaged in the provision of value-added telecommunications services (which includes information services provided via mobile network) and Internet cultural business (which includes the production or operation of mobile games operated through information networks).

New Contractual Arrangements

In consideration of the fact that the Group is mainly engaged in the development and operation of localised mobile card and board games business, as the business continues to grow, the Group is paying an increasing attention to the growth and investment value of non-card and board game business. To promote a better development of the Group's business, and to realise a clearer operation, more efficient management and better resource allocation of the Company, the Company intends to further optimise the organization of its business segments by separating the card and board game business from the non-card and board game business, to strengthen the daily management and operation of different business segments and facilitate a better game service to the Company's game players. Foreign investment in value-added telecommunications services to be carried out by Jiaxiang Weilai is strictly restricted by the PRC laws and regulations, and foreign investment in Internet cultural businesses (except for music) to be carried out by Jiaxiang Weilai is prohibited by the PRC laws and regulations. The Company believes that the above non-card and board game business to be carried out by Jiaxiang Weilai is an integral part of the business operation of the Group. In consideration of the reasons as mentioned above, the Group entered into the New Contractual Arrangements on 22 March 2024, with a view to establishing new contractual structure for companies within the non-card and board game business segment that are engaged in businesses where foreign ownership is prohibited.

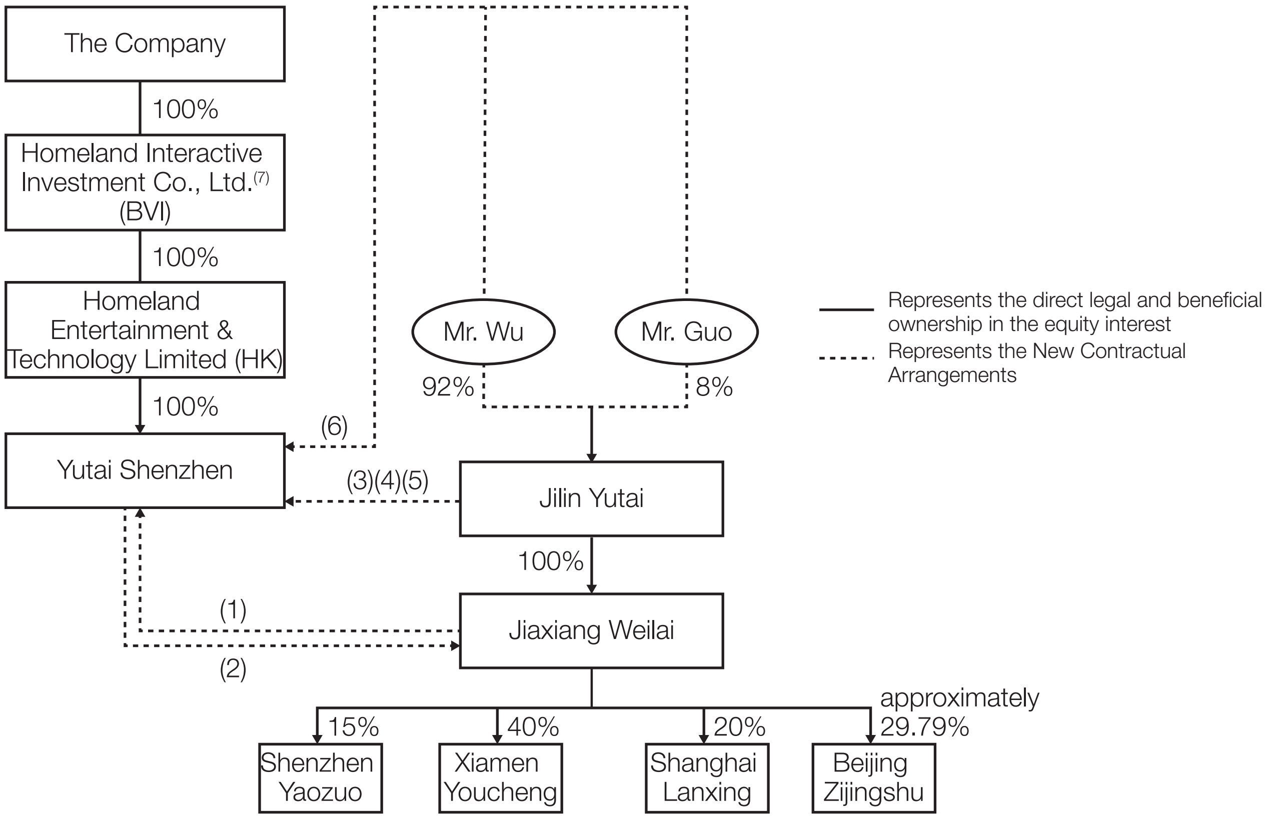
Specifically, the Group has, through its wholly-owned subsidiary, Yutai (Shenzhen) Network Technology Co., Ltd. (豫泰(深圳)網絡科技有限公司) ("**Yutai Shenzhen**"), entered into a series of new contractual arrangements with Jiaxiang Weilai, Jilin Yutai Network Technology Company Limited (吉林省豫泰網絡科技有限公司) ("**Jilin Yutai**"), Mr. WU Chengze ("**Mr. Wu**") and Mr. GUO Shunshun ("**Mr. Guo**") to exercise effective control over the operations and enjoy substantially all of the economic benefits of Jiaxiang Weilai and its investee/controlled subsidiaries ("**Jiaxiang Weilai Entities**"). The agreements underlying such new contractual arrangements with Jiaxiang Weilai and Jilin Yutai include: (i) Exclusive Business Cooperation Agreement, (ii) Exclusive Call Option Agreement and (iii) Equity Pledge Agreement. Moreover, Jilin Yutai had also executed an irrevocable Power of Attorney appointing Yutai Shenzhen as its proxy to exercise on its behalf of shareholder rights in Jiaxiang Weilai. The total revenue of Jiaxiang Weilai Entities during the year ended 31 December 2024 was approximately RMB34 million, and the total assets of Jiaxiang Weilai Entities as at 31 December 2024 was approximately RMB126 million.

The New Contractual Arrangements are not related to any regulations other than the restriction on foreign investment.

We will closely monitor any future development relating to the decision and will take all necessary actions to comply with applicable laws, regulations and specific requirements or guidance, including reorganizing our corporate structure, if required, in the future. We will unwind and terminate the New Contractual Arrangements wholly or partly once our businesses are no longer prohibited or restricted from foreign investment and to the extent permissible under PRC Laws.

Mr. Wu is the chairman of the Board and an executive Director and hence he is a connected person of the Company according to Rule 14A.07 of the Listing Rules. Furthermore, Mr. Wu beneficially holds 92% equity interests in Jilin Yutai, while Jilin Yutai holds 100% equity interests in Jiaxiang Weilai. As such, pursuant to Rule 14A.07(4) of the Listing Rules, each of Jilin Yutai and Jiaxiang Weilai is an associate of Mr. Wu and connected person of the Company. Therefore, under the Listing Rules, the transactions contemplated under the New Contractual Arrangements constitute continuing connected transactions of the Company.

The following simplified framework illustrates the flow of economic benefits from Jiaxiang Weilai to the Group specified under the New Contractual Arrangements:



Notes:

1. Service fee payments. Please refer to the section headed "Summary of the New Contractual Arrangements — (a) Exclusive Business Cooperation Agreement" below.

2. Provision of technology and consultation and auxiliary services. Please refer to the section headed "Summary of the New Contractual Arrangements — (a) Exclusive Business Cooperation Agreement" below.

3. Options to acquire the equity interest or asset of Jiaxiang Weilai. Please refer to the section headed "Summary of the New Contractual Arrangements — (b) Exclusive Call Option" below.

4. Equity pledge. Please refer to the section headed "Summary of the New Contractual Arrangements — (c) Equity Pledge Agreement" below.

5. Power of Attorney. Please refer to the section headed "Summary of the New Contractual Arrangements — (d) Power of Attorney" below.

6. Undertaking of acting as the legal owners of Jilin Yutai. Please refer to the section headed "Summary of the New Contractual Arrangements — (e) Letter of Undertaking" below.

7. Homeland Investment Co., Ltd was renamed to Homeland Interactive Investment Co., Ltd. on 14 March 2024 upon performing all necessary procedures. Its Chinese name remains unchanged.

Summary of the New Contractual Arrangements

A brief description of the major terms of the structured contracts under the New Contractual Arrangements are as follows:

(a) Exclusive Business Cooperation Agreement

Yutai Shenzhen and Jiaxiang Weilai entered into the Exclusive Business Cooperation Agreement on 22 March 2024, pursuant to which Jiaxiang Weilai agreed to engage Yutai Shenzhen as the exclusive service provider of Jiaxiang Weilai, to provide comprehensive technological support, consultation services and other services to Jiaxiang Weilai, including but not limited to (i) permission to use certain software that legally owned by Yutai Shenzhen, (ii) design, development, maintenance and updating of software and network technology and provision of related technical consultation and technical services, (iii) design, installation, daily management, maintenance and updating of the computer network system, hardware and database, (iv) technical support and training to relevant employees of Jiaxiang Weilai, (v) consultancy, collection and research of technology and market information (excluding market research business that wholly-foreign-owned enterprises are prohibited from conducting under the PRC laws), (vi) corporate management consultation, (vii) marketing and promotion services, (viii) customer order management and customer services, (ix) leasing of equipment or assets, (x) other service areas as permitted under the PRC laws. In addition, Yutai Shenzhen shall have the sole and exclusive ownership, rights and interests of any and all intellectual properties arising from or created during the course of execution of the agreement.

Pursuant to the Exclusive Business Cooperation Agreement and subject to compliance with applicable PRC laws, Jiaxiang Weilai shall pay to Yutai Shenzhen a service fee that equals to 100% of the total consolidated profit of Jiaxiang Weilai of any financial year, and offsetting the accumulated loss (if any) of Jiaxiang Weilai and its subsidiaries in any previous financial years, and deducting such amounts as required for working capital, expenses, tax and other statutory contributions of Jiaxiang Weilai and its subsidiaries in any given year. Yutai Shenzhen is also entitled to adjust the service fee based on the actual situations, as well as the operations and development needs of Jiaxiang Weilai.

(b) Exclusive Call Option Agreement

Yutai Shenzhen, Jilin Yutai and Jiaxiang Weilai entered into the Exclusive Call Option Agreement on 22 March 2024, pursuant to which Jilin Yutai and Jiaxiang Weilai jointly and severally granted to Yutai Shenzhen (exercisable by itself or its designated person(s)) irrevocable options to (i) purchase, to the extent permitted by the PRC laws and regulations, the equity interests in Jiaxiang Weilai held by Jilin Yutai, entirely or partially, at the minimum purchase price permitted under the PRC laws and regulations, and where the PRC laws and regulations require valuation of the equity interest, the parties shall re-negotiate in good faith, and make adjustments based on the valuation to comply with the requirements of the PRC laws and regulations, or (ii) acquire, to the extent permitted by the PRC laws and regulations, all or part of the assets of Jiaxiang Weilai at the minimum purchase price permitted under the PRC laws and regulations, and where the PRC laws and regulations require valuation of the assets, the parties shall re-negotiate in good faith, and make adjustments based on the valuation to comply with the requirements of PRC laws and regulations. Yutai Shenzhen (by itself or any of its designee as specified above) may exercise such options, fully or partially, at any time, subject to applicable PRC laws and regulations. In the event that PRC laws and regulations and industrial policies allow Yutai Shenzhen and/or other foreign-invested or foreign entities designated by Yutai Shenzhen to directly hold part or all the equity interests in Jiaxiang Weilai and engage in the foreign investment restricted or prohibited businesses through Jiaxiang Weilai such as gaming, Yutai Shenzhen shall issue a notice of call option as soon as practicable. In addition, Jilin Yutai and/or Jiaxiang Weilai have agreed to return to Yutai Shenzhen any proceeds it/they will receive in the event that the call option to acquire the equity interests in Jiaxiang Weilai held by Jilin Yutai and/or assets of Jiaxiang Weilai is exercised.

Pursuant to the Exclusive Call Option Agreement, Jilin Yutai and Jiaxiang Weilai have undertaken to perform certain acts or refrain from performing certain other acts, including but not limited to the following matters:

i. not to supplement, modify or amend its constitutional documents, alter the registered capital or change the registered capital structure of Jiaxiang Weilai without the prior written approval from Yutai Shenzhen; if Jilin Yutai made a capital contribution to Jiaxiang Weilai, Jilin Yutai undertakes that the capital contribution will be subject to the call option;

ii. prudently and effectively operate and manage the business and corporate matters of Jiaxiang Weilai, and to ensure their existence, in accordance with the good financial and business standards and practice, and to obtain and maintain all necessary governmental approval, licenses and permits required for the business operation of Jiaxiang Weilai;

iii. not to sell, transfer, create encumbrances or otherwise dispose of any assets (save for assets with value less than RMB500,000 as required to be disposed in the ordinary and normal course of business), business, legal or beneficial interest of the income of Jiaxiang Weilai or allow any security interest to be created on its assets of Jiaxiang Weilai without the prior written approval from Yutai Shenzhen;

iv. not to incur, inherit, guarantee or allow any indebtedness without the prior written approval from Yutai Shenzhen (save for the accounts payable incurred in the ordinary course of business but not incurred from borrowings);

v. to operate the business of Jiaxiang Weilai within the normal business scope in order to maintain its asset value (including but not limited to the asset value of the equity interests of its controlled/investee subsidiaries held by Jiaxiang Weilai), and refrain from any acts or omissions which may adversely affect its business or assets value;

vi. Jiaxiang Weilai not to enter into any material contracts with an amount of over RMB500,000 (other than those entered in the ordinary course of business) without the prior written approval from Yutai Shenzhen;

vii. Jiaxiang Weilai not to provide loan or credit to any other third party without the prior written approval from Yutai Shenzhen;

viii. to provide all operating and financial information of Jiaxiang Weilai to Yutai Shenzhen upon request;

ix. if requested by Yutai Shenzhen, Jiaxiang Weilai shall purchase and maintain the insurance related to its assets and business from an insurance carrier acceptable to Yutai Shenzhen, the amount and coverage of such insurance shall be consistent with the companies engaging in similar business;

x. Jiaxiang Weilai not to engage in any merger or alliance with any other party, or acquisition or investment in any other party without the prior written approval from Yutai Shenzhen;

xi. immediately inform Yutai Shenzhen of any litigations, arbitrations or administrative proceedings involved or may involve the assets, business or income of Jiaxiang Weilai, and take all necessary measures reasonably requested by Yutai Shenzhen;

xii. execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate charges and submit all necessary or appropriate defences against any charges or claims in order to maintain the ownership of all of its assets by Jiaxiang Weilai (including but not limited to the equity interests of its controlled/investee subsidiaries held by Jiaxiang Weilai);

xiii. Jiaxiang Weilai not to distribute any profit to any shareholder in any form without the prior written approval from Yutai Shenzhen. If a relevant shareholder receives any such profit distribution with approval from Yutai Shenzhen, such shareholder shall transfer the profit distribution (after fully paid/withheld relevant taxes (if any)) received by him/her/it to Yutai Shenzhen or its designated person(s) upon Yutai Shenzhen's request within ten days upon receipt of such benefits at nil consideration;

xiv. upon request of Yutai Shenzhen, appoint any candidate designated by Yutai Shenzhen to serve as a Director, an executive Director and/or other senior management of Jiaxiang Weilai;

xv. unless otherwise required by the PRC laws, Jiaxiang Weilai shall not be dissolved or liquidated without the prior written consent from Yutai Shenzhen;

xvi. in the event that Jilin Yutai or Jiaxiang Weilai fails to comply with its tax obligations under applicable PRC laws which hinders the exercise of the options under the Exclusive Call Option Agreement, Yutai Shenzhen is entitled to demand Jilin Yutai or Jiaxiang Weilai to comply with such tax obligations; and

xvii. Jiaxiang Weilai and Jilin Yutai shall procure the controlled/investee subsidiaries of Jiaxiang Weilai to comply (where applicable) with the guarantees applicable to Jiaxiang Weilai to the largest extent.

Jilin Yutai has further undertaken to perform certain acts or refrain from performing certain other acts, including but not limited to the following matters:

i. save for the equity pledge in favor of Yutai Shenzhen created under the Equity Pledge Agreement and the authorization of Yutai Shenzhen to create equity under the Power of Attorney, Jilin Yutai shall not sell, transfer, pledge or otherwise dispose of their legal or beneficial equity interests in Jiaxiang Weilai, or creation of any other guaranteed interests thereon without the prior written approval from Yutai Shenzhen;

ii. save for the equity pledge in favor of Yutai Shenzhen created under the Equity Pledge Agreement and the authorization of Yutai Shenzhen to create equity under the Power of Attorney, to procure the shareholders and/or the board of directors (or executive directors) of Jiaxiang Weilai, not to sell, transfer, pledge or otherwise dispose of their legal or beneficial equity interests in Jiaxiang Weilai, or creation of any other guaranteed interests thereon without the prior written approval from Yutai Shenzhen;

iii. Jilin Yutai shall procure the shareholders and/or the board of directors (or executive directors) of Jiaxiang Weilai, not to approve the merger or alliance of Jiaxiang Weilai with any other party, or acquisition or investment in any other party without the prior written approval from Yutai Shenzhen;

iv. immediately inform Yutai Shenzhen of any initiated or potential litigations, arbitrations or administrative proceedings in relation to the ownership of its equity interest, and take all necessary measures reasonably requested by Yutai Shenzhen;

v. to procure the shareholders and/or the board of directors (or executive directors) of Jiaxiang Weilai to vote in favor of the transfer of equity interests purchased or assets purchased under the Exclusive Call Option Agreement, and take any other action upon the request of Yutai Shenzhen;

vi. Jilin Yutai shall execute all necessary or appropriate documents, file all necessary or appropriate charges, take all necessary or appropriate actions and submit all necessary or appropriate defenses against any charges or claims in order to safeguard the ownership of the equity interests held by it;

vii. upon the request from Yutai Shenzhen, appoint any candidate designated by Yutai Shenzhen to serve as a director, an executive director and other senior management of Jiaxiang Weilai;

viii. if Jilin Yutai receives any profits, dividends, bonus or liquidation proceeds from Jiaxiang Weilai, Jilin Yutai shall transfer such benefits received by it at nil consideration to Yutai Shenzhen or any of its designated persons subject to compliance with the PRC laws and regulations;

ix. not to engage in any business which competes, or likely competes, with the business of the Group without the prior written consent from Yutai Shenzhen; and

x. to strictly comply with the terms of the Exclusive Call Option Agreement and any other agreements jointly or separately entered into among Yutai Shenzhen, Jilin Yutai and Jiaxiang Weilai and earnestly fulfill their respective obligations under such agreements and not to take, or omit to take, any actions which may affect the validity and enforceability of these agreements. In any event where Jilin Yutai retains any rights in the equity interests under the Exclusive Call Option Agreement, the Equity Pledge Agreement executed by the parties to the Exclusive Call Option Agreement, or the Power of Attorney in favor of Yutai Shenzhen, Jilin Yutai shall not exercise such rights without the prior written approval from Yutai Shenzhen.

The Exclusive Call Option Agreement shall expire when all the equity interests in or assets of Jiaxiang Weilai have been transferred to Yutai Shenzhen or its designee as specified above, unless and until Yutai Shenzhen terminates the Exclusive Call Option Agreement.

(c) Equity Pledge Agreement

Yutai Shenzhen, Jilin Yutai and Jiaxiang Weilai entered into the Equity Pledge Agreement on 22 March 2024, pursuant to which Jilin Yutai agreed to pledge all of its equity interests in Jiaxiang Weilai to Yutai Shenzhen to secure performance of all its obligations and the obligations of Jiaxiang Weilai under the agreements underlying the New Contractual Arrangements. During the term of the pledge, if Jilin Yutai and/or Jiaxiang Weilai failed to fulfil the contract obligations or pay the guaranteed indebtedness under the New Contractual Arrangements, Yutai Shenzhen has the right, but not the obligation, to exercise the right to pledge as stipulated under the Equity Pledge Agreement. In addition, pursuant to the Equity Pledge Agreement, Jilin Yutai and Jiaxiang Weilai have undertaken to Yutai Shenzhen, among other things, apart from the fulfilment of the Exclusive Business Cooperation Agreement, the Exclusive Call Option Agreement, the Power of Attorney, Jilin Yutai shall not transfer any or part of the pledged equity interests, create or allow to create any guarantee or other debt liabilities over the pledged equity interests without the prior written consent of Yutai Shenzhen. Under the Equity Pledge Agreement, Jilin Yutai also guarantees and warrants to Yutai Shenzhen that it has duly arranged and signed all necessary documents to ensure that any events of dissolution or liquidation would not affect the fulfilment of the Equity Pledge Agreement.

Moreover, if Jiaxiang Weilai declares any dividend or bonus during the term of the pledge, Yutai Shenzhen is entitled to receive all such dividends or bonus arising from the pledged equity interests, if any. It is also agreed that in the event that Jilin Yutai subscribed for or acquired additional equity interest in Jiaxiang Weilai with the prior written consent of Yutai Shenzhen, then the additional equity interest acquired or subscribed for by Jilin Yutai shall also be pledged in favor of Yutai Shenzhen pursuant to the Equity Pledge Agreement.

Upon full and complete fulfillment of all contractual obligations and settlement of all guaranteed indebtedness by Jilin Yutai and Jiaxiang Weilai, Yutai Shenzhen shall, at the request of Jilin Yutai, release the pledge of the pledged equity interests under the Equity Pledge Agreement at the earliest reasonably practicable time. In the event that PRC laws and regulations and industrial policies allow Yutai Shenzhen and/or other foreign-invested or foreign entities designated by Yutai Shenzhen to directly hold all the equity interests in Jiaxiang Weilai and engage in foreign investment restricted or prohibited businesses through Jiaxiang Weilai such as gaming, the parties shall immediately exercise the relevant rights and perform the relevant obligations in accordance with the terms of the Exclusive Call Option Agreement and shall release Equity Pledge Agreement after the exercise and fulfillment of such rights and obligations have been completed.

(d) Power of Attorney

On 22 March 2024, Jilin Yutai executed an irrevocable Power of Attorney with Yutai Shenzhen and Jiaxiang Weilai to authorize Yutai Shenzhen (as well as its successor(s) or liquidator(s) who replace Yutai Shenzhen, if involved) or a designated person at its own discretion under applicable laws and regulations and regulatory requirements (including but not limited to Yutai Shenzhen or directors of the direct or indirect shareholder, however, this does not include Jinlin Yutai and its shareholders, shareholders of Jiaxing Weilai and any of their respective affiliates) (the "**Trustee**"), as the sole and exclusive agent of Jilin Yutai, to exercise, on behalf of Jilin Yutai, all rights in relation to the equity interests of Jiaxiang Weilai under relevant laws and regulations and articles of association. Such rights include but not limited to: (i) suggest to hold, convene and attend shareholders' meetings of Jiaxiang Weilai, (ii) to receive any notice in relation to the convening of shareholders' meetings and its proceedings; (iii) in the name of and on behalf of Jilin Yutai, execute and deliver any written resolution and minutes of the meeting as a shareholder; (iv) to vote in person or by proxy any issues discussed on the shareholders' meetings (including but not limited to the selling, transfer, pledge or disposal of all or part of assets of Jiaxiang Weilai (including but not limited to the equity interests of the controlled/investee subsidiaries of Jiaxiang Weilai)); (v) to sell, transfer, pledge or otherwise dispose of all or part of Jilin Yutai's equity interest in Jiaxiang Weilai; (vi) to nominate, elect, appoint or remove the legal representative, directors, general manager, chief financial officer, supervisors and other senior officers of Jiaxiang Weilai; (vii) to oversee the operating performance of Jiaxiang Weilai, approve the annual budget or declared dividends of Jiaxiang Weilai, and inspect the financial information of Jiaxiang Weilai at any time; (viii) to approve the submission of any registration documents of Jiaxiang Weilai to competent government authorities; (ix) to exercise the voting rights on the liquidation of Jiaxiang Weilai on behalf of the shareholders; (x) in the event of dissolution or liquidation of Jiaxiang Weilai, Yutai Shenzhen and/or its Trustee shall have the rights to exercise all shareholders rights of Jiaxiang Weilai on behalf of Jilin Yutai, Jilin Yutai agrees (as a shareholder of Jiaxiang Weilai) to transfer, at nil consideration, all assets (including but not limited to the equity interests of its controlled/investee subsidiaries held by Jiaxiang Weilai) received as a result of the dissolution or liquidation of Jiaxiang Weilai to Yutai Shenzhen or its designated persons; pursuant to then effective PRC laws, if the aforementioned transfer shall be onerous, Jilin Yutai agrees to return the consideration in the amount of such transfer to Yutai Shenzhen and/or its designated persons. In the event of dissolution or liquidation of the controlled/investee subsidiaries of Jiaxiang Weilai, subject to the premise of complying with the then effective PRC laws and other legal documents, Yutai Shenzhen and/or its trustees have the right to exercise all rights as its shareholders on behalf of Jiaxiang Weilai; as a shareholder of the controlled/investee subsidiaries, all properties due and acquired by Jiaxiang Weilai as a result of the dissolution and liquidation of the controlled/investee subsidiaries shall be transferred to Yutai Shenzhen or other persons designated by it at nil consideration; pursuant to then effective PRC laws, if the aforementioned transfer shall be onerous, Jiaxiang Weilai agrees to return the consideration in the amount of such transfer to Yutai Shenzhen and/or its designated persons; (xi) to file a lawsuit or other legal actions against such directors or management of Jiaxiang Weilai if their action damages the interests of Jiaxiang Weilai or its shareholders; (xii) to approve the amendments to the articles of association of Jiaxiang Weilai; and (xiii) any other rights conferred to the shareholders by the articles of association of Jiaxiang Weilai or relevant laws and regulations. The Trustee is also authorized to, on behalf of Jilin Yutai, execute all documents agreed to be executed by Jilin Yutai under the Exclusive Call Option Agreement and the Equity Pledge Agreement.

Under the Power of Attorney, Jilin Yutai irrevocably confirmed that the Power of Attorney shall remain in full force and effect during the term which Jilin Yutai remains as a shareholder of Jiaxiang Weilai. Jilin Yutai further confirmed and undertook that in the event of liquidation, cancellation and any circumstances which would affect it to exercise its shareholder's rights in Jiaxiang Weilai, its successors or any other person who has assertion or interests over his/her equity interests in Jiaxiang Weilai, shall be deemed as signing parties of the Power of Attorney and inherit all rights and obligations of Jilin Yutai under the Power of Attorney. The Trustee shall have the right to transfer the rights under the Power of Attorney to any other individuals or entities without prior notice to or consent from Jilin Yutai.

(e) Letter of Undertaking

Each of the ultimate legal owners of Jilin Yutai, namely Mr. Wu (who holds 92% equity interests in Jilin Yutai) and Mr. Guo (who holds 8% equity interests in Jilin Yutai), has provided a written undertaking to Yutai Shenzhen to irrevocably undertake that he shall:

i. not to sell, transfer, pledge or otherwise dispose of any equity interests in Jilin Yutai held by him or other relevant rights, or allow to create any encumbrances without the prior written consent from Yutai Shenzhen;

ii. to procure the shareholders and/or the board of directors (or executive directors) (as appropriate) of Jilin Yutai, not to approve the selling, transfer, pledge or otherwise disposal of any equity interests in Jilin Yutai held by him or other relevant rights, or allow to create any encumbrances without the prior written consent from Yutai Shenzhen;

iii. to procure the shareholders and/or the board of directors (or executive directors) of Jilin Yutai, not to approve the merger or alliance of Jilin Yutai with any other party, or acquisition or investment in any other party without the prior written approval from Yutai Shenzhen;

iv. immediately inform Yutai Shenzhen of any initiated or potential litigations, arbitrations or administrative proceedings in relation to any equity interests in Jilin Yutai held by him, and take all necessary measures reasonably requested by Yutai Shenzhen;

v. to procure the shareholders and/or the board of directors (or executive directors) (as appropriate) of Jilin Yutai, to vote in favor of all actions necessary to be taken by Jilin Yutai under the Exclusive Call Option Agreement, the Equity Pledge Agreement and the Power of Attorney;

vi. execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate charges and submit all necessary or appropriate defences, in order to maintain his equity interest in Jilin Yutai is registered under his name in the competent company registry;

vii. upon request of Yutai Shenzhen, appoint any candidate designated by Yutai Shenzhen to serve as a director, an executive director and other senior management of Jilin Yutai;

viii. if he receives any profits, dividends, bonus or liquidation proceeds from Jilin Yutai, he shall transfer the same to Yutai Shenzhen or any of its designated persons at nil consideration upon the request of Yutai Shenzhen, provided that it is in compliance to the PRC laws;

ix. not to engage in any business which competes with the businesses of Yutai Shenzhen, Jiaxiang Weilai, Jilin Yutai and any of their respective associate companies without the prior written approval from Yutai Shenzhen; and

x. strictly abide with all the aforementioned undertakings and ensure Jilin Yutai to fulfill all its obligations (as a signing party) under the Exclusive Call Option Agreement, the Equity Pledge Agreement and the Power of Attorney, and refrain from any acts or omissions which may affect the effectiveness and enforceability of the Exclusive Call Option Agreement, the Equity Pledge Agreement and the Power of Attorney.

Each of Mr. Wu and Mr. Guo also confirms that, in the event of death, incapacity or any other circumstances that may affect his ability to exercise his shareholder's rights in Jilin Yutai, his successor, guardian, creditor, spouse or any other person who has assertion or interests over his equity interests in Jilin Yutai, shall be deemed as signing parties of the abovementioned written undertaking and inherit all obligations and rights thereunder.

Risks Relating to the New Contractual Arrangements

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

- If the PRC government finds that the agreements that establish the structure for operating the Group's mobile game businesses in the PRC 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 New Contractual Arrangements and the relinquishment of our interest in Jiaxiang Weilai and its investee/controlled subsidiaries.

- Our New Contractual Arrangements may not be as effective in providing operational control as direct ownership. Jiaxiang Weilai or its shareholders may fail to perform their obligations under the New Contractual Arrangements.

- The New Contractual Arrangements between Yutai Shenzhen and Jiaxiang Weilai may subject our Group to increased income tax due to the different income tax rates applicable to Yutai Shenzhen and Jiaxiang Weilai and adversely affect our results of operations.

- If we exercise the option to acquire equity ownership and assets of Jiaxiang Weilai, the ownership or asset transfer may subject us to substantial costs.

- The shareholders of Jiaxiang Weilai may have conflict of interests with us, which may materially and adversely affect our business.

Risk mitigation action adopted by the Company

The Company's management work closely with external law advisor and consultant to monitor the environment and development of the PRC laws and regulations, in order to mitigate the risks relating to the New Contractual Arrangements. The Group has adopted measures to ensure the enforcement of the New Contractual Arrangements, in order to effectively operate the Group's business and comply with the New Contractual Arrangements, among others:

- significant matters arising from the implementation of the New Contractual Arrangements are reviewed by the Board on a regular basis (at least quarterly);

- matters relating to compliance and regulatory investigations by government agencies, if any, will be discussed at these regularly scheduled meetings;

- the Group's relevant business units and operating segments will report to the Company's senior management regularly (at least monthly) in respect of the compliance with and fulfilment of the New Contractual Arrangements and other related matters; and

- independent non-executive directors will review the compliance with the New Contractual Arrangements on an annual basis and their confirmation will be disclosed in the Company's annual report.

Waiver from the Stock Exchange

At the time of Listing, the Company sought, and the Stock Exchange granted, the IPO Waiver in connection with the continuing connected transactions of the Group in the form of Existing Contractual Arrangements. The IPO Waiver is subject to certain conditions including, among others that, the Existing Contractual Arrangements provide an acceptable framework for the relationship between the Company and its directly controlled subsidiaries and Jiaxiang Interactive and its subsidiaries. Such framework may be renewed and/or reproduced upon expiry of the Existing Contractual Arrangements on substantially the same terms and conditions as the Existing Contractual Arrangements, or in respect of any existing or new wholly foreign owned enterprises or operating companies (including branches) which the Group may wish to establish to engage in the same line of business as the Group on balance of commercial interests without the need to obtain Shareholders' approval.

As the New Contractual Arrangements are reproduced from the Existing Contractual Arrangements in accordance with the conditions of the IPO Waiver, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed that the transactions contemplated under the New Contractual Arrangements would fall within the scope of the IPO Waiver and are exempted from strict compliance with (i) the requirement of setting annual caps for the fees payable by/to the Group to/from Jiaxiang Weilai under the New Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (ii) the requirement of setting a fixed term for the New Contractual Arrangements under Rule 14A.52 of the Listing Rules, subject to compliance with the same conditions of the IPO Waiver.

Directors' Opinion Relating to the New Contractual Arrangements

The Directors (including the independent non-executive Directors) are of the view that the New Contractual Arrangements and the transactions contemplated thereunder are fundamental to the legal structure and business operations in respect of the Group's future business and expansion, and would allow and ensure sound and effective operation of the Company and our business intended to be carried out under the New Contractual Arrangements in compliance with applicable PRC laws and regulations, which has been adopted by a number of other companies to accomplish the same purpose. In addition, as the New Contractual Arrangements were freely negotiated and entered into among parties thereto, it is fair and reasonable for Yutai Shenzhen to be entitled to all economic benefits generated by the business operated by Jiaxiang Weilai through the New Contractual Arrangements as a whole. The Directors also believe that, as the financial results of Jiaxiang Weilai will be consolidated into and accounted for as a subsidiary of the Group, and the flow of economic benefits of their business to the Group pursuant to the New Contractual Arrangements, would also be in the best interest of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider that each of the terms of the New Contractual Arrangements, which have been and shall be entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better, are fair and reasonable and in the best interest of the Company and the Shareholders as a whole. Mr. Wu, an executive Director, has material interests in the transactions carried out under the New Contractual Arrangements. He shall and has abstained from voting on the relevant board resolution approving the entering into of the New Contractual Arrangements. Save as disclosed above, no Director shall abstain from voting on the relevant board resolution approving the entering into of the New Contractual Arrangements.

In addition, pursuant to our PRC legal advisor's opinion, the New Contractual Arrangements documents are validly executed and are legal and valid after meeting the conditions for effect. The New Contractual Arrangements are binding on the executing parties and, except for the aforesaid dispute resolution and the terms of the liquidation committee, may be enforced in accordance with their terms under the PRC laws. The Board considers that the New Contractual Arrangements can be validly enforced under relevant PRC laws and regulations except for the aforesaid terms of dispute resolution and liquidation committee.

Existing Contractual Arrangements

As a foreign investor, the Company is prohibited from holding equity interest in Jiaxiang Interactive and its operating subsidiaries, which are primarily engaged in the development and operation of online card and board games business (the "**Principal Business**") and are considered to be engaged in the provision of value-added telecommunications services and Internet cultural businesses. Each of Jiaxiang Interactive and its subsidiaries, namely Jilin Xinze and Jilin Xinze Network Technology Company Limited ("**Jilin Yuke**"), holds the relevant licenses, including the ICP License and the Internet cultural business license, required for carrying out the above services and operating the Principal Business. As a result, the Group, through its wholly-owned subsidiary, Beijing Kexin Network Technology Company Limited ("**Homeland PRC**"), has entered into the Existing Contractual Arrangements such that we can conduct our Principal Business indirectly in the PRC through Jiaxiang Interactive and its subsidiaries while complying with applicable PRC law and regulations. The Existing Contractual Arrangements are designed to provide the Group with effective control over the financial and operational policies of Jiaxiang Interactive and, to the extent permitted by PRC law and regulations, the right to acquire the equity interests in and/or the assets of Jiaxiang Interactive through Homeland PRC.

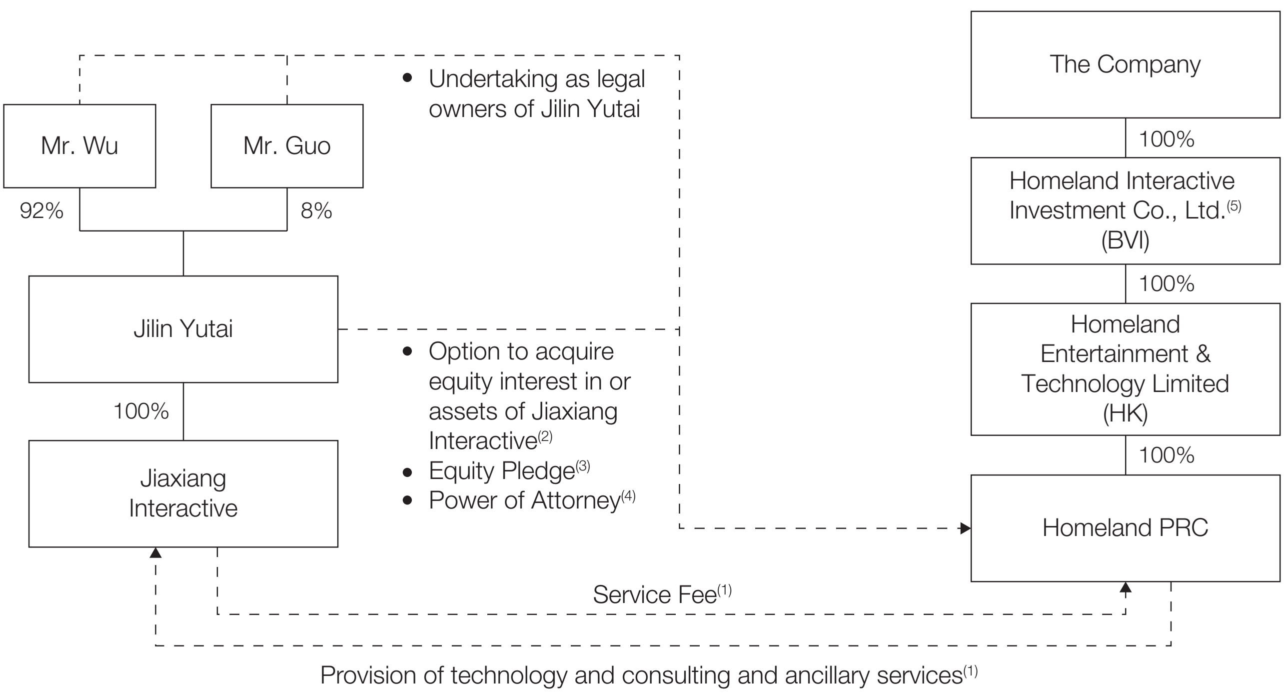
The Existing Contractual Arrangements are not related to any regulations other than the restriction on foreign investment.

We will closely monitor any future development relating to the decision and will take all necessary actions to comply with applicable laws, regulations and specific requirements or guidance, including reorganizing our corporate structure, if required, in the future. We will unwind and terminate the Existing Contractual Arrangements wholly or partly once our businesses are no longer prohibited or restricted from foreign investment and to the extent permissible under PRC Laws.

The Group has, through Homeland PRC, entered into a series of Existing Contractual Arrangements with Jiaxiang Interactive, Jilin Yutai, Mr. Wu and Mr. Guo to exercise effective control over the operations and enjoy substantially all of the economic benefits of Jiaxiang Interactive and its subsidiaries (the "**PRC Operating Entities**"). The agreements underlying such Existing Contractual Arrangements with Jiaxiang Interactive and Jilin Yutai include: (i) Exclusive Business Cooperation Agreement, (ii) Exclusive Call Option Agreement and (iii) Equity Pledge Agreement. Moreover, Jilin Yutai had also executed an irrevocable Power of Attorney appointing Homeland PRC as its proxy to exercise on its behalf of shareholder rights in Jiaxiang Interactive. The total revenue of the PRC Operating Entities during the year ended 31 December 2024 was approximately RMB1,225 million, and the total assets of the PRC Operating Entities as at 31 December 2024 was approximately RMB1,403 million.

Each of Mr. Wu, Mr. JIANG Mingkuan and Mr. SU Bo (together, the "**Founders**") is a controlling shareholder of the Company and an executive Director of the Company and is therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. In addition, the Founders together and as parties acting in concert beneficially held 92% of the interest in Jiaxiang Interactive. Each of Jiaxiang Interactive and its subsidiaries is therefore an associate of each of the Founders and a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Accordingly, the transactions contemplated under the Existing Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules.

The following simplified diagram illustrates the flow of economic benefits from Jiaxiang Interactive to our Group stipulated under the Existing Contractual Arrangements:



Notes:

(1) Please refer to the section headed "Summary of the Existing Contractual Arrangements — (a) Exclusive Business Cooperation Agreement" below.

(2) Please refer to the section headed "Summary of the Existing Contractual Arrangements — (b) Exclusive Call Option Agreement" below.

(3) Please refer to the section headed "Summary of the Existing Contractual Arrangements — (c) Equity Pledge Agreement" below.

(4) Please refer to the section headed "Summary of the Existing Contractual Arrangements — (d) Power of Attorney" below.

(5) Homeland Investment Co., Ltd was renamed to Homeland Interactive Investment Co., Ltd. on 14 March 2024 upon performing all necessary procedures. Its Chinese name remains unchanged.

Summary of the Existing Contractual Arrangements

A Brief description of the major terms of the structured contracts under the Existing Contractual Arrangements are as follows:

(a) Exclusive Business Cooperation Agreement

Homeland PRC and Jiaxiang Interactive entered into an Exclusive Business Cooperation Agreement on 24 September 2018, pursuant to which Jiaxiang Interactive agreed to engage Homeland PRC as its exclusive consultant and service provider. The advice and services which Homeland PRC shall provide to Jiaxiang Interactive and its subsidiaries include, but are not limited to, (i) permission to use certain software, (ii) design, development, maintenance and updating of software and network technology and provision of related technical consultation and technical services, (iii) design, installation, daily management, maintenance and updating of network system, hardware and database design, (iv) technical support and training to employees, (v) consultancy, collection and research of technology and market information (excluding market research business that wholly-foreign-owned enterprises are prohibited from conducting under PRC law), (vi) business management consultation, (vii) marketing and promotion services, (viii) customer management and customer services, (ix) leasing of equipment or properties, (x) other service areas. In addition, Homeland PRC shall have the exclusive and proprietary rights to all intellectual properties arising from and developed during and as a result of the performance of the consulting and advisory services. Homeland PRC shall have the exclusive and proprietary rights to use all such intellectual properties which Homeland PRC, Jiaxiang Interactive or any of its subsidiaries (as the case may be) has developed during the term of the Exclusive Business Cooperation Agreement.

Pursuant to the Exclusive Business Cooperation Agreement and subject to compliance with applicable PRC laws, Jiaxiang Interactive shall pay to Homeland PRC a service fee that equals to 100% of the total consolidated profit of Jiaxiang Interactive and after offsetting the prior-year loss (if any), and deducting such amounts as required for working capital, operating costs, expenses, tax and other statutory contributions of Jiaxiang Interactive and its subsidiaries in any given year. Homeland PRC is also entitled to adjust the service fee payable by Jiaxiang Interactive based on the actual business conditions, operations and development needs of Jiaxiang Interactive.

It is also stipulated in the Exclusive Business Cooperation Agreement that Homeland PRC shall enjoy all economic benefits of, and bear all risks arising from, the conduct of business by Jiaxiang Interactive and its subsidiaries. In the event that Jiaxiang Interactive incurs any operating loss or experiences serious difficulties in its operations, Homeland PRC shall provide financial support to Jiaxiang Interactive, to the extent permitted under PRC laws, to ensure that Jiaxiang Interactive could meet its daily operating cash flow requirements and/or for the purpose of offsetting any operating loss incurred. Homeland PRC shall have the right to request Jiaxiang Interactive to cease its operations, and Jiaxiang Interactive shall unconditionally accept the requests of Homeland PRC. On the other hand, pursuant to the Exclusive Business Cooperation Agreement, without the prior written consent from Homeland PRC, Jiaxiang Interactive shall not accept the same or similar consulting and services provided by any other third parties during the term of the Exclusive Business Cooperation Agreement. Homeland PRC may appoint other parties, who may enter into certain agreements with the PRC Operating Entities, to provide the PRC Operating Entities with the services under the Exclusive Business Cooperation Agreement.

Jiaxiang Interactive shall procure each of its subsidiaries to strictly comply with the terms of the Exclusive Business Cooperation Agreement as if it were a party to such agreements.

The Exclusive Business Cooperation Agreement is effective from the date of agreement. The Exclusive Business Cooperation Agreement may be terminated by Homeland PRC by giving Jiaxiang Interactive prior written notice of termination or shall be terminated upon the transfer of the entire equity interests in and/or the transfer of all assets of Jiaxiang Interactive to Homeland PRC or its designated person(s) pursuant to the applicable PRC laws and regulations. Jiaxiang Interactive is not contractually entitled to terminate the Exclusive Business Cooperation Agreement with Homeland PRC.

The Directors consider that the above arrangement will ensure the economic benefits generated from the operations of Jiaxiang Interactive to flow to Homeland PRC and hence, the Group as a whole. As of 31 December 2024, Homeland PRC has deployed appropriate facilities and personnel to oversee the operation and management of Jiaxiang Interactive, drive the key business decision-making processes and provide overall business advice and consulting services as required to be provided to Jiaxiang Interactive and its subsidiaries pursuant to the Exclusive Business Cooperation Agreement, whilst Jiaxiang Interactive and its subsidiaries are mainly responsible for the operations of the integrated mobile game platform and to hold all operating assets for the purpose of operating the Principal Business to ensure compliance with relevant PRC laws and regulations with respect to the restriction on foreign investment in entity operating integrated mobile game platform and the conditions of the relevant ICP and operating licenses granted to Jiaxiang Interactive and its subsidiaries. The Company believes that such allocation of resources would allow a proper discharge of the respective responsibilities of Homeland PRC and Jiaxiang Interactive under the Existing Contractual Arrangements and also ensure sound and effective operation of the Group in compliance with the Existing Contractual Arrangements and applicable laws and regulations.

(b) *Exclusive Call Option Agreement*

Homeland PRC, Jilin Yutai and Jiaxiang Interactive entered into an Exclusive Call Option Agreement on 24 September 2018, pursuant to which Jilin Yutai and Jiaxiang Interactive jointly and severally granted to Homeland PRC (exercisable by itself or its designated person(s)) irrevocable options to (i) purchase, to the extent permitted by PRC laws and regulations, the equity interests in Jiaxiang Interactive, entirely or partially, at the minimum purchase price permitted under PRC laws and regulations, and where PRC laws and regulations require valuation of the equity interest, the parties shall re-negotiate in good faith, and make adjustments based on the valuation to comply with the requirements of PRC laws and regulations, or (ii) acquire, to the extent permitted by PRC laws and regulations, all or part of the assets of Jiaxiang Interactive at the minimum purchase price permitted under PRC laws and regulations, and where PRC laws and regulations require valuation of the assets, the parties shall re-negotiate in good faith, and make adjustments based on the valuation to comply with the requirements of PRC laws and regulations. Homeland PRC (by itself or any of its designee as specified above) may exercise such options, fully or partially, at any time, subject to applicable PRC laws and regulations. It was also agreed that Homeland PRC shall have the right to forthwith exercise the option granted under the Exclusive Call Option Agreement when relevant PRC laws and regulations permit the equity interests of Jiaxiang Interactive to be directly held by Homeland PRC while Jiaxiang Interactive continues to legally operate the Principal Business. In addition, Jilin Yutai and/or Jiaxiang Interactive have agreed to return any proceeds it/they will receive in the event that the call option to acquire the equity interests in and/or assets of Jiaxiang Interactive is exercised to Homeland PRC.

Pursuant to the Exclusive Call Option Agreement, Jiaxiang Interactive has undertaken to perform certain acts or refrain from performing certain other acts, including but not limited to the following matters:

(i) not to supplement, modify or amend its constitutional documents, alter the registered capital or change the registered capital structure of Jiaxiang Interactive without the prior written approval from Homeland PRC;

(ii) prudently and effectively operate and manage the business and corporate matters of Jiaxiang Interactive, and to ensure their existence, in accordance with the good business standards and practice, and maintain all necessary licenses and permits;

(iii) not to sell, transfer, create encumbrances or otherwise dispose of any assets, business, legal or beneficial interest of the income of Jiaxiang Interactive (save for assets with value less than RMB500,000 and as required in the ordinary course of business) or allow any security interest to be created on its assets of Jiaxiang Interactive without the prior written approval from Homeland PRC;

(iv) not to incur, take up, guarantee or allow any indebtedness without the prior written approval from Homeland PRC (save for those in the ordinary course of business and having been disclosed to and consented by Homeland PRC in writing);

(v) to operate the business of Jiaxiang Interactive within the normal business scope in order to maintain its asset value, and refrain from any acts or omission which may adversely affect its business or assets value;

(vi) not to enter into any material contracts with an amount of over RMB500,000 (other than those entered in the ordinary course of business) without the prior written approval from Homeland PRC;

(vii) not to lend or provide any financing to any other third party without the prior written approval from Homeland PRC;

(viii) to provide all operating and financial information of Jiaxiang Interactive to Homeland PRC upon request;

(ix) where possible, Jiaxiang Interactive shall purchase and maintain such insurance with insurers acceptable by Homeland PRC, with insurance coverage in line with insurance generally maintained by companies within the same region and engaging in similar business and owning similar properties or assets as Jiaxiang Interactive;

(x) not to engage in any mergers or acquisitions or make investment in any entities without the prior written approval from Homeland PRC;

(xi) immediately inform Homeland PRC of any disputes, litigations, arbitrations or administrative proceedings related to the assets, business or income of Jiaxiang Interactive;

(xii) execute all necessary or appropriate documents, take all necessary or appropriate actions and submit all necessary or appropriate defenses against any charges or claims in order to maintain the ownership of all of its assets by Jiaxiang Interactive;

(xiii) not to distribute any dividend, distributable profits and/or any assets to any shareholder without the prior written approval from Homeland PRC. If the relevant shareholder receives any such dividends, distributable profits and/or other assets with approval from Homeland PRC, such shareholder shall transfer such benefits received by him/her/it to Homeland PRC in ten business days upon receipt of the same at nil consideration;

(xiv) upon request of Homeland PRC, appoint any candidate designated by Homeland PRC to serve as a director, an executive director and/or other senior management of Jiaxiang Interactive;

(xv) unless otherwise required by PRC law, Jiaxiang Interactive shall not be dissolved or liquidated without the prior written consent from Homeland PRC;

(xvi) in the event that Jilin Yutai or Jiaxiang Interactive fails to comply with its tax obligations under applicable PRC laws which hinders the exercise of the options under the Exclusive Call Option Agreement, Homeland PRC is entitled to demand Jiaxiang Interactive and Jilin Yutai to pay all relevant taxes and comply with all tax obligations; and

(xvii) Jiaxiang Interactive shall procure each of its subsidiaries to strictly comply with the terms of the Exclusive Business Cooperation Agreement as if it were a party to such agreements.

Jilin Yutai has further undertaken to perform certain acts or refrain from performing certain other acts, including but not limited to the following matters:

(i) save for the equity pledge in favor of Homeland PRC created under the Equity Pledge Agreement, Jilin Yutai shall not allow any sell, transfer, creation of encumbrances or other third party rights or otherwise dispose of any of their legal or beneficial equity interests held in Jiaxiang Interactive without the prior written approval from Homeland PRC;

(ii) save for the equity pledge in favor of Homeland PRC created under the Equity Pledge Agreement, Jilin Yutai shall not approve at the shareholders' meeting of Jiaxiang Interactive, or procure the board of directors of Jiaxiang Interactive not to approve any sell, transfer, creation of encumbrances or other third party rights or otherwise dispose of any legal and beneficial equity interests in or assets of Jiaxiang Interactive without the prior written approval from Homeland PRC;

(iii) not to approve at the shareholders' meeting of Jiaxiang Interactive, or procure the board of directors of Jiaxiang Interactive not to approve, any mergers or acquisitions or make investment in any entities by Jiaxiang Interactive, without the prior written approval from Homeland PRC;

(iv) immediately inform Homeland PRC of any disputes, litigations, arbitrations or administrative proceedings related to its equity interest in Jiaxiang Interactive;

(v) approve and vote in favor of the shareholders' resolutions of Jiaxiang Interactive, or procure the board of directors of Jiaxiang Interactive to approve and vote in favor of any resolutions of Jiaxiang Interactive, concerning the transfer of equity interests and assets pursuant to the Exclusive Call Option Agreement, and take any other action upon the request of Homeland PRC;

(vi) Jilin Yutai shall execute all necessary or appropriate documents, take all necessary or appropriate actions and submit all necessary appropriate defenses against any charges or claims in order to safeguard the equity interests held by it;

(vii) upon request from Homeland PRC, appoint any candidate designated by Homeland PRC to serve as a director, an executive director and/or other senior management of Jiaxiang Interactive;

(viii) if Jilin Yutai receives any dividends, distributable profits and/or other assets from Jiaxiang Interactive, Jilin Yutai shall transfer such benefits received by it at nil consideration to Homeland PRC or any of its designated persons;

(ix) not to engage in any business which competes, or likely competes, with the business of our Group; and

(x) to strictly comply with the terms of the Exclusive Call Option Agreement and any other agreements entered into among Homeland PRC, Jilin Yutai and Jiaxiang Interactive and earnestly fulfill their respective obligations under such agreements and not to take, or omit to take, any actions which may affect the validity and enforceability of these agreements. In any event where Jilin Yutai retains any rights in the equity interests under this Exclusive Call Option Agreement, the Equity Pledge Agreement signed by the parties to the Exclusive Call Option Agreement, or the Power of Attorney in favor of Homeland PRC, Jilin Yutai shall not exercise such rights without the prior written approval from Homeland PRC.

The Exclusive Call Option Agreement shall expire when all the equity interests in or assets of Jiaxiang Interactive have been transferred to Homeland PRC or its designee as specified above, unless and until Homeland PRC terminates the Exclusive Call Option Agreement.

To ensure that Jilin Yutai duly discharges their obligations under the Existing Contractual Arrangements, pursuant to the Exclusive Call Option Agreement, Jilin Yutai has already executed an irrevocable power of attorney and deposit such power of attorney at Homeland PRC, so that Homeland PRC or its designee can be appointed as proxy of Jilin Yutai to execute the equity transfer agreements with respect to their respective shareholding in Jiaxiang Interactive or the asset transfer agreements with respect to the assets of Jiaxiang Interactive and other ancillary documents concerning such transfer(s) and to handling and obtain all relevant approval and registration required under applicable laws and regulations in the event that Jilin Yutai fails to discharge its obligations under the Existing Contractual Arrangements.

(c) Equity Pledge Agreement

Homeland PRC, Jilin Yutai and Jiaxiang Interactive entered into the Equity Pledge Agreement on 24 September 2018, pursuant to which Jilin Yutai agreed to pledge all of its equity interests in Jiaxiang Interactive to Homeland PRC to secure performance of all its obligations and the obligations of Jiaxiang Interactive under the agreements underlying the Existing Contractual Arrangements. If Jilin Yutai breaches or fails to fulfill the obligations under any of the agreements underlying the Existing Contractual Arrangements, Homeland PRC, as the pledgee, will be entitled to foreclose the pledged equity interests, entirely or partially. In addition, pursuant to the Equity Pledge Agreement, Jilin Yutai has undertaken to Homeland PRC, among other things, not to transfer or otherwise dispose its equity interests in Jiaxiang Interactive and not to create or allow any pledge thereon that may affect the rights and interest of Homeland PRC without its prior written consent.

Under the Equity Pledge Agreement, Jilin Yutai also represents and warrants to Homeland PRC that appropriate arrangements have been made to protect Homeland PRC's interests in the event of liquidation, bankruptcy or termination of Jilin Yutai or any circumstances that may affect its exercise of the shareholders' rights to avoid any practical difficulties in enforcing the Equity Pledge Agreement.

Moreover, if Jiaxiang Interactive declares any dividend or distribute any income during the term of the pledge, Homeland PRC is entitled to receive all such dividends or other income arising from the pledged equity interests, if any. It is also agreed that in the event that Jilin Yutai subscribed for or acquired additional equity interest in Jiaxiang Interactive, then the additional equity interest acquired or subscribed for by Jilin Yutai shall also be pledged in favor of Homeland PRC pursuant to the Equity Pledge Agreement.

The Equity Pledge Agreement shall terminate when Jiaxiang Interactive has fulfilled and performed all obligations under the agreements underlying the Existing Contractual Arrangements or upon the termination of the agreements underlying the Existing Contractual Arrangements. Furthermore, the Equity Pledge Agreement shall terminate upon the liquidation and dissolution of Jiaxiang Interactive pursuant to PRC laws and regulations and upon which Jiaxiang Interactive and Jilin Yutai shall sell all assets, including equity interests, to Homeland PRC, at nil consideration or the minimum price permitted by PRC laws and regulations, to the extent permitted by PRC laws and regulations, or the then designated liquidator shall dispose of all of the assets including equity interests, in order to protect the interests of shareholders and/or creditors of the direct or indirect offshore parent company of Homeland PRC.

(d) Power of Attorney

On 24 September 2018, Jilin Yutai executed an irrevocable Power of Attorney appointing a director of any direct or indirect shareholder of Homeland PRC or his/her successor (including any liquidator in replacement of such director or his/her successor) who is a PRC citizen as proxy of Jilin Yutai to exercise all of its shareholder's rights in Jiaxiang Interactive. Pursuant to the Power of Attorney, the individual to be appointed as Jilin Yutai's proxy shall exclude Jilin Yutai and its registered shareholders, any other shareholders of Jiaxiang Interactive and any of their associates. Pursuant to the Power of Attorney, the shareholders' rights exercisable by the proxy include, but not limited to, the rights to (i) convene and attend shareholders' meetings and pass any shareholders' resolution of Jiaxiang Interactive, (ii) exercise all shareholders' rights in accordance with applicable laws and the articles and constitutional documents of Jiaxiang Interactive, including but not limited to the exercise of voting rights in shareholders' meetings, (iii) sell, transfer, pledge or otherwise dispose of all or part of the equity interests held in Jiaxiang Interactive by Jilin Yutai, (iv) nominate, elect, designate, appoint or remove the legal representative, directors, supervisors, general manager, chief financial officer and other senior officers of Jiaxiang Interactive, (v) oversee the operating performance of Jiaxiang Interactive, approve its annual budget or declare dividends, and inspect the financial information of Jiaxiang Interactive at any time, (vi) execute and deliver any documents, written resolutions, minutes of meetings, (vii) approving the submission of any registration documents to competent government authorities (including relevant companies registry), (viii) exercise all shareholders' rights and vote as Jilin Yutai in the event of dissolution or liquidation of Jiaxiang Interactive, (ix) filing a lawsuit against such directors as Jilin Yutai or taking other legal actions against any director or manager of Jiaxiang Interactive acting in a manner adversely affecting the interests of Jiaxiang Interactive and (x) approving amendments to the articles of association. The proxy is also authorized to enter into and execute any equity transfer agreement upon the exercise of the call option granted under the Exclusive Call Option Agreement and to secure performance of the other agreements underlying the Existing Contractual Arrangements for and on behalf of Jilin Yutai.

Under the Power of Attorney, Jilin Yutai irrevocably confirmed that the power of attorney shall remain in full force and effect during the term which Jilin Yutai remains as a shareholder of Jiaxiang Interactive. Jilin Yutai further confirmed and undertook that in the event of liquidation, dissolution and any circumstances which would affect it to exercise its shareholder's rights in Jiaxiang Interactive, any of its successors, controllers or beneficial owners of Jilin Yutai shall be deemed as a party to the Power of Attorney and thereby subject to all obligations of Jilin Yutai under the Power of Attorney. The Proxy shall have the right to re-designate the power of attorney to any other individuals or entities without requiring prior notice to or consent from Jilin Yutai.

The Board (including the independent non-executive Directors) will ensure that any designee or person or entity designated by Jilin Yutai for the purpose of exercising any of their shareholders' rights under the Power of Attorneys shall be restricted to an authorized director of the Company or a legally-held subsidiary (whom shall own fiduciary duties to the Company). The Board will also ensure that no rights shall be granted to any other third parties outside of the Group which does not owe any fiduciary duties to the Company. In view of the proposed corporate and management structure of the Group upon Listing, any one of Mr. MEN Geng (an executive Director), and Mr. YU Ronald Patrick Lup Man, Mr. ZHANG Yuguo or Mr. HU Yangyang (each an independent non-executive Director), each of whom is independent of Jilin Yutai and its respective associates, may be designated to act as the proxy pursuant to the Power of Attorney.

UNDERTAKING FROM THE ULTIMATE LEGAL OWNERS OF JILIN YUTAI

Each of the ultimate legal owners of Jilin Yutai, namely Mr. Wu (who holds 92% equity interests in Jilin Yutai) and Mr. Guo (who holds 8% equity interests in Jilin Yutai), has provided a written undertaking to Homeland PRC to irrevocably undertake that he shall:

(i) not sell, transfer, create encumbrances or other third party rights or otherwise dispose of any equity interests in Jilin Yutai legally held by him;

(ii) not approve at the shareholders' meeting of Jilin Yutai, or procure the board of directors of Jilin Yutai not to approve, any sell, transfer, creation of encumbrances or other third party rights or otherwise dispose of any equity interests in Jilin Yutai legally held by him without the prior written approval from Homeland PRC;

(iii) not approve at the shareholders' meeting of Jilin Yutai, or procure the board of directors of Jilin Yutai not to approve, Jilin Yutai to engage in any mergers or acquisitions or make investment in any entities without the prior written approval from Homeland PRC;

(iv) immediately inform Homeland PRC of any disputes, litigations, arbitrations or administrative proceedings related to the equity interests he held in Jilin Yutai and take all actions reasonably requested by Homeland PRC to defend such proceedings;

(v) approve at the shareholders' meeting of Jilin Yutai, or procure the board of directors of Jilin Yutai to approve, all actions necessary to be taken by Jilin Yutai in satisfaction and fulfill its obligations under Exclusive Business Cooperation Agreement, the Exclusive Call Option Agreement and the Equity Pledge Agreement under the Existing Contractual Arrangements;

(vi) execute all necessary or appropriate documents, take all necessary or appropriate actions and submit all necessary or appropriate defenses against any charges or claims in order to maintain the ownership of his equity interest in Jilin Yutai;

(vii) upon request of Homeland PRC, appoint any candidate designated by Homeland PRC to serve as a director, an executive director and/or other senior management of Jilin Yutai;

(viii) if he receives any dividends, distributable profits and/or other assets from Jilin Yutai, he shall transfer such benefits received by it at nil consideration to Homeland PRC or any of its designated persons;

(ix) not to engage in any business which competes, or likely competes, with the businesses of Homeland PRC, Jiaxiang Interactive, Jilin Yutai and any of their respective affiliates; and

(x) strictly abide with all the aforementioned undertakings and procure Jilin Yutai to fulfill all its obligations under the Existing Contractual Arrangements, and that he will not carry out any act that may affect or hinder the fulfillment of Jilin Yutai's obligations under each of the agreements underlying the Existing Contractual Arrangements to which Jilin Yutai is a party.

Each of Mr. Wu and Mr. Guo also confirms that each of his successor, guardian, creditor, spouse or any other person who may be entitled to assume rights and interests in his equity interest in Jilin Yutai, and therefore his indirect interest in Jiaxiang Interactive and its subsidiaries, will be deemed as executing party to the said written undertaking and inherit all his rights and obligations thereunder upon his death, incapacity, divorce or its liquidation, bankruptcy or dissolution or any other circumstances that may affect his ability to exercise his shareholder's rights in Jilin Yutai.

Risks Relating to the Existing Contractual Arrangements

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

- If the PRC government finds that the agreements that establish the structure for operating the Group's mobile game businesses in the PRC 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 Existing Contractual Arrangements and the relinquishment of our interest in those PRC operating entities.

- Since the Foreign Investment Law remains relatively new, uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of the Company's current corporate structure, corporate governance and business operations.

- Existing Contractual Arrangements may not be as effective in providing operational control as direct ownership. The Group's PRC operating entities or its shareholders may fail to perform their obligations under the Existing Contractual Arrangements.

- The Group may lose the ability to use and enjoy assets held by its PRC operating entities that are material to its business operations if its PRC operating entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.

- The shareholders of the Group's PRC operating entities may have conflicts of interest with the Group, which may materially and adversely affect the business of the Group.

- The Group conducts its business operation in the PRC through its PRC operating entities by way of Existing Contractual Arrangements. However, certain terms of the Existing Contractual Arrangements may not be enforceable under PRC laws.

- The Existing Contractual Arrangements between Homeland PRC and the Group's PRC operating entities may subject the Group to increased income tax due to the different income tax rates applicable to Homeland PRC and the Group's PRC operating entities and adversely affect the results of operations of the Group.

- If the Group exercises the option to acquire equity ownership and assets of its PRC operating entities, the ownership or asset transfer may subject it to substantial costs.

For further details, please refer to the section headed "Risk Factors — Risks Relating to Our Contractual Arrangements" of the Prospectus.

Mitigation actions taken by the Company

The Company's management works closely with its external legal counsels and advisors to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the Existing Contractual Arrangements.

The Group has adopted measures to ensure the effective operation of the Group's businesses with the implementation of the Existing Contractual Arrangements and its compliance with the Existing Contractual Arrangements, including, among others:

- major issues arising from implementation of the Existing Contractual Arrangements will be regularly reviewed, at least on a quarterly basis, by the Board;
- matters relating to compliance and regulatory enquiries from government authorities (if any) will be discussed at these regular meetings;
- the relevant business units and operation divisions of the Group will report regularly, which will be no less frequently than on a monthly basis, to the senior management of the Company in relation to compliance and performance conditions under the Existing Contractual Arrangements and other related matters; and
- the independent non-executive Directors will review the compliance of the Existing Contractual Arrangements on an annual basis and their confirmation will be disclosed in the Company's annual report.

Waiver from the Stock Exchange

The transactions contemplated under the Existing Contractual Arrangements constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver (i) pursuant to Rule 14A.105 of the Listing Rules from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Existing Contractual Arrangements, and (ii) pursuant to Rule 14A.102 of the Listing Rules from strict compliance with (a) the requirement of setting an annual cap for the fees payable to Homeland PRC under the Existing Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (b) the requirement of limiting the term of the Existing 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 to certain conditions. For details, please refer to the section "Continuing Connected Transactions" in the Prospectus.

Confirmation of Independent Non-executive Directors

The independent non-executive Directors have reviewed the above continuing connected transactions of the Company and confirmed that (i) the transactions carried out during the year ended 31 December 2024 have been entered into in accordance with the relevant provisions of the Existing Contractual Arrangements, have been operated so that the profit generated by Jiaxiang Interactive and its subsidiaries has been substantially retained by Homeland PRC; (ii) no dividends or other distributions have been made by Jiaxiang Interactive 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 (iii) no new transactions, contracts and agreements or renewal of existing agreements have been entered into between the Group and Jiaxiang Interactive during the year ended 31 December 2024.

The independent non-executive Directors also confirmed that the continuing connected transactions conducted during the Reporting Period were (1) entered into in the ordinary and usual course of business of the Group; (2) on normal commercial terms or on better terms; and (3) in accordance with the agreements governing such transactions, on fair and reasonable terms and in the interests of the Shareholders as a whole.

Confirmation from the Company's Independent Auditors

Deloitte Touche Tohmatsu, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Deloitte Touche Tohmatsu has issued its unqualified letter containing their findings and conclusions in respect of the continuing connected transactions in connection with Contractual Agreements for the year ended 31 December 2024 in accordance with Rule 14A.56 of the Listing Rules, with an emphasis in relation to the fact that the Company is not required to establish and announce an annual cap in respect of the continuing connected transactions in connection with the Contractual Agreements for the year ended 31 December 2024. Deloitte Touche Tohmatsu has also confirmed in its letter that with respect of the continuing connected transactions with Homeland PRC, Jiaxiang Interactive, Jilin Yutai, Mr. Wu and Mr. Guo under the contractual arrangements and Jiaxiang Weilai,Yutai Shenzhen, Jilin Yutai, Mr. Wu and Mr. Guo under the contractual arrangements, nothing has come to their attention that causes them to believe that dividends or other distributions have been made by Jiaxiang Interactive and Jiaxiang Weilai to the holders of the equity interests of Jilin Yutai, Mr. Wu and Mr. Guo which are not otherwise subsequently assigned or transferred to the Group.

Save as disclosed in this annual report, as of the date of this annual report, the Company had no connected transactions which are required to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions.

Further details on related party transactions for the year ended 31 December 2024 are set out in note 36 to the consolidated financial statements. Among these, the remuneration paid to the Directors of the Company constitutes a connected transaction of the Company, but can be fully exempted pursuant to Rule14A.95 of the Listing Rules; the remuneration paid to the Chief Executive Officer of the Company constitutes a connected transaction of the Company, but can be fully exempted pursuant to Rule14A.76 of the Listing Rules.

Save as disclosed in this annual report, none of the related party transactions constitutes a connected transaction or continuing connected transaction subject to the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Reporting Period, the Company complied with the provisions under Chapter 14A of the Listing Rules, including those disclosure requirements, in respect of the continuing connected transaction entered into by the Group.

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

As at 31 December 2024, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the SFO as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

(i) Interests of Directors and Chief Executive of the Company

Name of Director/ Chief Executive	Nature of interest	Number of underlying Shares[1]	Approximate percentage of shareholding interest
Mr. WU Chengze ("**Mr. Wu**")[2]	Interest in controlled corporation	433,842,000	33.80%
Mr. Su Bo ("**Mr. Su**")[3]	Interest in controlled corporation	67,414,500	5.25%
	Beneficial owner	698,338	0.05%
	Interest of spouse	67,414,500	5.25%
Mr. DING Chunlong ("**Mr. Ding**")[4]	Interest in controlled corporation	44,179,437	3.44%
	Beneficial owner	35,838,681	2.79%
Ms. CUI Wei ("**Ms. Cui**")	Beneficial owner	3,513,462	0.27%

Notes:

(1) All interests stated are long positions.

(2) Mr. Wu holds the entire share capital of Wu Chengze Network Limited, which in turn directly holds 433,842,000 Shares. Accordingly, Mr. Wu is deemed to be interested in the 433,842,000 Shares held by Wu Chengze Network Limited.

(3) Mr. Su holds the entire share capital of Su Bo Network Limited, which in turn directly holds 67,414,500 Shares. Accordingly, Mr. Su is deemed to be interested in the 67,414,500 Shares held by Su Bo Network Limited.

(4) Mr. Ding holds the entire share capital of Ding Chun Long Network Limited, which in turn directly holds 44,179,457 Shares. Accordingly, Mr. Ding is deemed to be interested in the 44,179,457 Shares held by Ding Chun Long Network Limited.

(ii) Interest in the Company's subsidiary, Jiaxiang Interactive (Xiamen) Network Technology Company Limited

Name of Director/ Chief Executive	Nature of Interest	Registered capital	Percentage of interest
Mr. Wu[(1)]	Interest in controlled corporation	RMB10,000,000	100%
Mr. Su[(1)]	Other	RMB10,000,000	18.4%

Note:

(1) Jilin Yutai Network Technology Company Limited holds the entire registered capital of RMB10,000,000 in Jiaxiang Interactive (Xiamen) Network Technology Company Limited. Jilin Yutai Network Technology Company Limited is held as to 92% by Mr. Wu and 8% by Mr. Guo Shunshun. Accordingly, Mr. Wu is deemed to be interested in the RMB10,000,000 registered capital in Jiaxiang Interactive (Xiamen) Network Technology Company Limited. 55.2% of Jilin Yutai Network Technology Company Limited was held by Mr. Wu as beneficial owner, 18.4% was held by Mr. Wu as nominee for Mr. Jiang Mingkuan and 18.4% was held by Mr. Wu as nominee for Mr. Su.

(iii) Interests in Other Members of the Group

So far as the Directors are aware, as of 31 December 2024, the following persons (excluding the Company) are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of subsidiary	Name of shareholder	Registered capital	Percentage of interest
Jiaxiang Interactive (Xiamen) Network Technology Company Limited	Jilin Yutai Network Technology Company Limited	RMB10,000,000	100%

Save as disclosed above, as at 31 December 2024, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2024, so far as is known to the Directors, the following persons, not being a Director or chief executive of the Company, had interests or short positions in the shares or 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 or which would be recorded in the register required to be kept under Section 336 of the SFO:

Name	Nature of interest	Number of underlying Shares[1]	Approximate percentage of shareholding interest
Wu Chengze Network Limited	Beneficial owner	433,842,000	33.80%
Futu Trustee Limited	Trustee	58,462,157	4.56%
	Custodian (other than an exempt custodian interest)	18,666,696	1.45%
Co-challengers Growth Limited[2]	Beneficial owner	70,840,000	5.52%
Mr. LI Bo[2]	Interest in controlled corporation	70,840,000	5.52%
Beijing Chuangxin Yizhou Investment Management Limited (北京創新壹舟投資管理有限公司) ("**Yizhou Investment Management**")[3]	Interest in controlled corporation	70,840,000	5.52%
Xiamen Yizhou Xingchen Investment Management Limited (廈門壹舟星辰投資管理有限公司) ("**Xingchen Investment Management**")[3]	Interest in controlled corporation	70,840,000	5.52%
Xiamen Challenger Venture Capital Partnership (Limited Partnership) (廈門挑戰者創業投資合夥企業(有限合夥)) ("**Xiamen Challenger**")[2]	Interest in controlled corporation	70,840,000	5.52%
Jiang Ming Kuan Network Limited[3]	Beneficial owner	96,671,201	7.53%
Mr. JIANG Mingkuan ("**Mr. Jiang**")[3]	Interest in controlled corporation	96,671,201	7.53%
Su Bo Network Limited[4]	Beneficial owner	67,414,500	5.25%
Zhang Na ("**Mrs. Zhang**")[4]	Beneficial owner	67,414,500	5.25%
	Interest of spouse	68,112,838	5.31%

Notes:

(1) All interests stated are long positions.

(2) Co-challengers Growth Limited is wholly-owned by Xiamen Challenger, a limited partnership, and is ultimately controlled by Mr. LI Bo, who has approximately 99.9% interest in Yizhou Investment Management, which has approximately 90% interest in Xingchen Investment Management, the sole general partner of Xiamen Challenger. Accordingly, each of Xiamen Challenger, Mr. LI Bo, Yizhou Investment Management and Xingchen Investment Management is deemed to be interested in the Shares held by Co-challengers Growth Limited.

(3) Mr. Jiang holds the entire share capital of Jiang Ming Kuan Network Limited, which in turn directly holds 96,671,201 Shares. Accordingly, Mr. Jiang is deemed to be interested in the 96,671,201 Shares held by Jiang Ming Kuan Network Limited.

(4) Mr. Su holds the entire share capital of Su Bo Network Limited, which in turn directly holds 67,414,500 Shares. Accordingly, Mr. Su is deemed to be interested in the 67,414,500 Shares held by Su Bo Network Limited. Mrs. Zhang, as Mr. Su's spouse, is deemed to be interested in the 68,112,838 Shares held by Mr. Su.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any other persons who had any interests or short positions in the shares or 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 or which would be recorded in the register required to be kept under Section 336 of the SFO.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, no controlling shareholders or their subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

The Company's ultimate customers are individual game players. Due to the Group's large customer base, its five highest paying players in aggregate contributed to substantially less than 30% of the total sales proceeds received during the year ended 31 December 2024.

Major Suppliers

For the year ended 31 December 2024, the Group's five largest suppliers accounted for approximately 55.91%, as compared to approximately 57% of the Group's total purchase amounts for the year ended 31 December 2023. The Group's single largest supplier accounted for approximately 24.86%, as compared to approximately 30.5% of the Group's total purchases for the year ended 31 December 2023.

During the year ended 31 December 2024, none of the Directors or any of their close associates or any shareholders (which, to the knowledge of the Directors, own more than 5.0% of the number of issued shares of the Company) had any interest in the Group's five largest suppliers.

MANAGEMENT CONTRACTS

During the Reporting Period, the Company has not entered into any contract with any individuals, firm or body corporate to manage or administer the whole or any substantial part of any business of the Group.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Each Director or other officer of the Company shall be entitled to be indemnified out of the assets of Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or trusts or otherwise in relation thereto in accordance with the Articles of Association. The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group. Such insurances were effective during the year ended 31 December 2024, and remained effective as at the date of this report.

RESULTS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 136 of this annual report.

SHARE CAPITAL

Details of movements in share capital of the Company during the Reporting Period are set out in note 33 to the consolidated financial statements in this annual report.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity and note 40 to the consolidated financial statements in this annual report. As at 31 December 2024, the Company's distributable reserves calculated under the Companies Law of the Cayman Islands comprise the share premium and other reserves totaling approximately RMB88.7 million (2023: RMB14.7 million).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Reporting Period are set out in note 15 to the consolidated financial statements in this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2024, Futu Securities International (Hong Kong) Limited, an independent trustee for the Share Award Scheme, purchased 20,340,000 Shares with total consideration of RMB35,828,000 (equivalent to HK$38,916,000) on the Stock Exchange for the purpose of future grants of the Share Award Scheme of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities (including sale of treasury shares) of the Company during the year ended 31 December 2024.

As at 31 December 2024, the Company and its subsidiaries did not hold any treasury shares.

EQUITY-LINKED AGREEMENTS

Details of the Share Option Scheme and Share Award Scheme are set out in the section headed "Share Incentive Schemes" above. Save as disclosed above, no equity-linked agreement will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company in 2024 or subsisted at the end of 2024.

ARRANGEMENT TO PURCHASE EQUITY OR DEBT SECURITIES

As at 31 December 2024, or at any time during the year ended 31 December 2024, none of the Group, the holding company of the Company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 65 to 80 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the total issued capital of an issuer must be held by the public at any time. Based on the information that is publicly available and within the knowledge of the Directors, as at the date of this annual report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

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

AUDITOR

The Company has appointed Deloitte as the auditor of the Company for the year ended 31 December 2024. A resolution will be proposed for approval by shareholders at the forthcoming AGM to re-appoint Deloitte as the auditor of the Company.

There were no changes in auditors of the Company during the past three years.

By Order of the Board
Homeland Interactive Technology Ltd.
WU Chengze
Chairman

Hong Kong, 29 April 2025

CORPORATE GOVERNANCE PRACTICES

The Board is committed to upholding high standards of corporate governance practices and business ethics in the firm belief that they are crucial to improving the efficiency and performance of the Group and to safeguarding the interests of the shareholders. The Board reviews the Company's corporate governance practices from time to time in order to meet the expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance. Set out below are the principles of corporate governance as adopted by the Company during the year ended 31 December 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2024, the Company has complied with the applicable code provisions of the Code as set forth in the corporate governance code (the "**CG Code**") contained in Appendix C1 to the Listing Rules, and no deviation from the Code has been identified.

Pursuant to code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the Reporting Period and as of the date of this report, the chairman and chief executive officer of the Company were Mr. WU Chengze and Ms. CUI Wei, respectively. This arrangement is considered to comply with This arrangement complies with the relevant requirements under code provision C.2.1 of the CG Code.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code for securities transactions by the Directors. Having made specific enquiry of all Directors, it is confirmed that all Directors have complied with the Model Code throughout the Reporting Period.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required of a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time in performing them. The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

Board Composition

As at 31 December 2024, the Company has three executive Directors and three independent non-executive Directors. As at the date of this annual report, the composition of the Board is as follows:

Executive Directors
Mr. WU Chengze *(Chairman)*
Mr. SU Bo
Mr. DING Chunlong

Independent Non-executive Directors
Mr. ZHANG Yuguo
Mr. HU Yangyang
Ms. GUO Ying

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence. The Company is of the view that all independent non-executive Directors are independent in accordance with the independence requirement set out in the Listing Rules.

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" on pages 18 to 21 of this annual report.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

Save as disclosed in the section headed "Directors and Senior Management", the Directors do not have any other financial, business, family or other material/relevant relationships with one another.

Appointment and Re-election of Directors

Each of the Directors has entered into a service contract/agreement (in the case of the executive Directors) or has been issued a letter of appointment (in the case of the independent non-executive Directors) for a specific term of three years, which is renewable by mutual consent and subject to the Articles of Association.

The Articles of Association provides that all Directors appointed to fill a casual vacancy or as an addition to the Board shall be subject to election by shareholders at the first annual general meeting of the Company after his/her appointment.

Every Director (including those appointed for a specific term) shall also be subject to retirement and re-election by rotation at least once every three years at the annual general meetings of the Company under the Articles of Association.

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgment on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

Mechanism to Ensure Independent Views to the Board

To ensure that the Board can obtain independent views and opinions, our Company has established various formal and informal channels whereby independent non-executive directors can express their opinions in an open and candid manner, and in a confidential manner, should circumstances require.

The Company ensures the introduction of independent advice to the Board through the following mechanisms:

1. the Nomination Committee reviews the composition of the Board and the independence of the independent non-executive Directors annually;

2. the Company obtains a confirmation from each of the independent non-executive Directors that they are independent of the Company. The Company considers all the independent non-executive Directors to be independent;

3. the Chairman of the Board meets with the independent non-executive Directors at least once a year; and

4. all members of the Board may seek independent professional advice, if necessary, at the Company's expense in performing their duties in accordance with the policies of the Company.

The Board reviews the implementation and effectiveness of the mechanism on an annual basis.

Continuous Professional Development of Directors

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that they remain informed and relevant for their contribution to the Board.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Besides, meetings with senior management of the Company were also arranged.

Directors shall participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The joint company secretaries update and provide written training materials in respect of the roles, functions and responsibilities of Directors from time to time. The Company also regularly provides Directors with updated information on the performance, position and prospect of the Company to enable all Directors of the Board to fulfil their responsibilities.

As of 31 December 2024, the trainings undertaken by Directors are summarised as follows:

Directors	Training Category
Executive Directors	
Mr. WU Chengze *(Chairman)*	A, B
Mr. DING Chunlong	A, B
Mr. TANG Yinghao *(resigned on 6 June 2024)*	A, B
Mr. SU Bo *(appointed on 5 April 2024)*	A, B, C
Independent Non-Executive Directors	
Mr. ZHANG Yuguo	A, B
Mr. HU Yangyang	A, B
Ms. GUO Ying	A, B

Mr. SU Bo obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 2 April 2024 and has confirmed that he understands his obligations as a director of a listed issuer under the Listing Rules.

Notes:

A: Directors participate in trainings provided by the Hong Kong legal advisor, Jingtian & Gongcheng LLP, and/or trainings related to the business of the Company during their terms.

B: Read materials on a wide range of topics, including the roles, functions and responsibilities of Directors, the Listing Rules and other relevant laws.

C: Newly-appointed Directors participate in induction trainings provided by the Hong Kong legal advisor, Jingtian & Gongcheng LLP, and trainings on the responsibilities stipulated under the relevant Listing Rules and other laws and regulations.

Attendance Records of Directors and Committee Members

The attendance records of each Director at Board meetings, general meeting, and Board Committee meetings of the Company held during the Reporting Period are set out in the table below:

		Attendance/Number of Meetings Held During the Term of Office				
Name of Directors	Board	Annual General Meeting	Extraordinary General Meeting	Audit Committee	Remuneration Committee	Nomination Committee
Mr. WU Chengze	8/8	1/1	–	–	–	2/2
Mr. SU Bo	4/4	1/1	–	–	–	–
Mr. DING Chunlong	8/8	1/1	–	–	–	–
Mr. TANG Yinghao	5/5	1/1	–	–	–	–
Mr. ZHANG Yuguo	5/8	1/1	–	2/2	4/4	–
Mr. HU Yangyang	8/8	1/1	–	2/2	4/4	2/2
Ms. GUO Ying	6/8	1/1	–	2/2	4/4	2/2

Code provision C.5.1 of the CG Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication. During the Reporting Period, the Company held nine Board meetings in total. During the Reporting Period, the Company held an annual general meeting on 6 June 2024 ("**2024 AGM**"). All the directors of the Company attended the 2024 AGM.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

All the members of the Remuneration Committee and the Audit Committee are independent non-executive Directors, and the majority of the members of the Nomination Committee are independent non-executive Directors.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Hu Yangyang, Mr. ZHANG Yuguo and Ms. GUO Ying. Mr. Hu Yangyang, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal controls system of the Group, assist the Board to fulfill its responsibility over the audit, and review and approve connected transactions and to advise the Board.

The Audit Committee is also responsible for performing the functions set out in code provision A.2.1 of the CG Code. These include developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of Directors and senior management of the Company; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the Directors and employees of the Company; and reviewing the Company's compliance with the CG Code from time to time adopted by the Company and the disclosure in the corporate governance report to be contained in the Company's annual report.

The Audit Committee held two meetings to review interim and annual financial results and reports in respect of the year ended 31 December 2024 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, effectiveness of internal audit, scope of work and appointment of external auditors, connected transactions, the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in the Corporate Governance Report. During the Reporting Period, the Audit Committee also met the external auditors twice without the presence of the executive Directors and the management.

The Company shall prepare for the preliminary preparation for the decision-making of the Audit Committee, and the coordination between the Company's internal audit department, financial department and other relevant departments to provide written information of the Company; the Audit Committee meeting shall review the reports provided by the relevant departments, and submit relevant written resolution materials to the Board for discussion.

The Audit Committee has reviewed the Company's audited consolidated results for the Reporting Period, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

Remuneration Committee

The company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of three members, namely Mr. HU Yangyang, Mr. ZHANG Yuguo and Ms. GUO Ying, all being independent non-executive Directors. Mr. HU Yangyang is the chairman of the committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The main responsibilities of the Remuneration Committee include: studying the evaluation criteria for Directors and senior management members; conducting evaluations and make recommendations; studying and reviewing the remuneration policies and plans for Directors and senior management members, and submitting relevant proposals to the Board for approval; supervising and implementing the implementation of the resolutions of the Board in relation to the remuneration or assessment of the Directors and senior management of the Company; reviewing and monitoring the training and continuous professional development of the Directors and senior management members; and reviewing and approving matters relating to share schemes under Chapter 17 of the Listing Rules.

For the year ended 31 December 2024, the Remuneration Committee held four meetings to review the remuneration adjustment principle of all employees as a whole, the remuneration policy and structure of the Company, the new Directors' remuneration and the remuneration packages of the Directors and other related matters, and have approved the Share Awards granted on 2 April 2024, 3 June 2024 and 10 September 2024 and made recommendation to the Board.

The Share Award Scheme has no specific requirements as to the length of the vesting period. Taking into account that the granting of the Share Awards is in recognition of the grantee's past contribution to the Group or outstanding performance in the previous financial year and to motivate the grantees to continue to contribute to the operation, development and long-term growth of the Group, the Remuneration Committee and the Board consider that a vesting period of less than 12 months is appropriate.

There are no performance targets and clawback mechanism attached to the Share Awards. Taking into account that (i) the granting of the Share Awards is in recognition of the grantees' past contribution to the Group, given that the overall business performance and development of the business in the last financial year, the grantees have rendered services to the Group for varying periods of time and are regarded to have performed outstandingly, (ii) the Share Awards are subject to certain vesting conditions and the terms of the Share Award Scheme and (iii) the value of the Share Awards will be linked to the future price of the Shares, and thus incentivise the grantees to contribute to the development of the Company, the Remuneration Committee and the Board are of the view that in the absence of additional performance targets and clawback mechanism, the granting of Share Awards aligns the interests of the grantees with those of the Group and the shareholders of the Company, motivates the grantees to strive for the enhancement of the Group's sustained competitiveness, operational performance and growth in the future, and reinforces the grantees' commitment to the long-term service of the Group, which is in line with the purpose of the Share Award Scheme to motivate the participants and allow them to participate in the growth of the Group's business.

Pursuant to code provision E.1.5 of the CG Code, details of the remuneration of the senior management (other than Directors) by bands for the year ended 31 December 2024 is as follows:

	Number of employee(s)
Nil to HK$1,000,000	1
HK$1,000,001 to HK$2,000,000	0
HK$2,000,001 to HK$3,000,000	0
HK$3,000,001 to HK$4,000,000	1

Details of the Directors' remuneration are set out in note 13 to the consolidated financial statements in this annual report. The compensation packages for the executive Directors were determined after taking into account salaries paid by comparable companies, time commitment and responsibilities of the executive Directors and performance of the Group, whereas the director's fees payable to the independent non-executive Directors were determined by arm's length negotiations between the independent non-executive Directors and the Company with reference to their duties, responsibilities and prevailing market conditions.

Nomination Committee

The Nomination Committee consists of three members, namely Mr. WU Chengze, the chairman and executive director, Ms. GUO Ying and Mr. HU Yangyang, being independent non-executive Directors. Mr. WU Chengze is the chairman of the committee. The majority of the Nomination Committee members are independent non-executive Directors.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Nomination Committee are to make recommendations to the Board regarding the appointment of Directors and Board succession.

The Company has formulated and adopted the board diversity policy (the "**Board Diversity Policy**") for compliance with the Listing Rules and the code provisions concerning the diversity of board members. The Board Diversity Policy sets out the approach adopted by the Board regarding diversity of Board members.

The Company recognizes the importance of achieving diversity in the Board and the board diversity policy of the Company sets out the approach to include and make good use of differences in the talents, skills, knowledge, regional and industry experience, cultural and educational background, ethnicity, gender, length of service and other qualities of the members of the Board. In particular, there will be no discrimination on the ground of race, age, gender or religious belief. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

For gender diversity, one of our independent non-executive Director and one of the joint company secretaries are female. Taking into account our existing business mode and specific needs as well as the different background of our Directors, we are of the view that the composition of our Board satisfies our board diversity policy. The Board aims to maintain at least the current level of female representation, while such goal has been achieved during the Reporting Period, with gender equality as the ultimate goal. If suitable candidates are identified in the future, the Board will continue to seek opportunities to increase the proportion of female members.

The Board also recognizes the importance of diversity at the workforce level. As of 31 December 2024, 60.74% of the Group's employees were male and 39.26% were female. The Group is committed to increasing the proportion of female Board members and workers as far as possible in the future, taking into account gender diversity in the recruitment process. The Company will continue to adopt measures to promote gender diversity at all levels, including but not limited to the Board and senior management, and to develop a pipeline of potential successors to the Board by developing a pipeline of female middle and senior management.

The Nomination Committee has adopted a nomination policy which sets out a set of nomination procedures and selection criteria for Directors. The Nomination Committee shall evaluate and select candidates based on the criteria by reference to character and integrity, business experience relevant and beneficial to the Company, qualifications including professional qualifications, skills and knowledge that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as a member of the Board and other significant commitments, present needs of the Board for particular expertise, skills or experience and whether the candidates would satisfy those needs, requirement for the Board to have independent Directors in accordance with the Listing Rules and whether the candidates for independent Directors would be considered independent with reference to the independence guidelines set out in the Listing Rules and the board diversity policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board. The nomination procedures of the Directors are as follows: the nomination committee shall first propose and consider a list of candidates for Directors, which shall then be submitted by the committee to the Board for review.

The Nomination Committee held one meeting to review the structure, size and composition of the Board, the nomination of new executive Directors and independence of the new independent non-executive Director and to make recommendations to the Board.

RISK MANAGEMENT AND INTERNAL CONTROLS

Review of Risk Management and Internal Controls

The Board acknowledges that it is responsible for maintaining sound and effective risk management and internal control systems and reviewing their effectiveness. The Company's risk management and internal control systems provide a comprehensive and organized structure with clearly defined scopes of responsibilities, authorities and procedures. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has its internal auditing function, which is a designated risk management and internal control team (the "**team**") responsible for identifying and monitoring the Company's risks and internal control issues and reports directly to the Board of any findings and follow-up actions. The Board receives regular updates from the senior management and reviews the Group's business plan, financial results, investment strategies and business indicators to ensure that the business risks are identified and managed. The senior management supervises the Group's business performance on an on-going basis via regular meetings with respective departments and project teams, to identify potential risks and develop strategies to address the risk. The Group monitors a wide range of indicators, such as game statistics, player feedbacks and employee turnover rate, and responds promptly if any risk indicators arise. The Group also works with external legal, accounting and other professional advisers as required to ensure that it is in compliance with relevant legislation and regulations. All departments of the Company are required to adhere to the Company's internal control procedures and report to the team of any risks or internal control issues. The Audit Committee of the Board also reviews the Company's financial controls, risk management and internal control systems on a regular basis.

The Board has received confirmation from the management that in respect of the year ended 31 December 2024:

— the financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group; and

— the risk management and internal control systems of the Group are effective.

Based on the framework for risk management and internal control systems established by the Group, the Board and the Audit Committee considered that, through the annual review of risk management and internal control systems of the Group, it can evaluate and improve their effectiveness and resolve material internal control defects. The Board, with the concurrence of the Audit Committee, considered that the Company's internal control systems, including financial, operational and compliance, were effective and adequate for the year ended 31 December 2024 based on the work performed and report prepared by the team as well as the confirmation letter received by the management. The Company will perform ongoing assessments to update all material risk factors on a regular basis. In any case, review of risk management and internal control systems by the Board will be conducted annually.

Procedures and Internal Controls for the Handling and Dissemination of Inside Information

The Board conducts regular review and assessment of inside information, discusses with the management or authorized persons of the Company about disclosure of inside information, reports to the Board once identified any inside information for dissemination.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024.

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.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 131 to 135 of this annual report.

DIVIDEND POLICY

The Company has adopted a dividend policy which is in accordance with the relevant provisions of the Articles of Association. Pursuant to the dividend policy, the Company may from time to time declare dividends in any currency to be paid to the members of the Company but no dividend shall be declared in excess of the amount recommended by the Board. No dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution, including share premium. No dividend shall carry interest against the Company. The Company may distribute dividends by way of cash or by other means that the Board considers appropriate, based on various factors such as the Company's results of operations, cash flows, financial condition, statutory and regulatory restrictions on the payment of dividends, capital requirements, future business plans and prospects and other factors that may be relevant. Assuming there is no material adverse events affecting these factors, the Company intends to adopt a stable general annual dividend policy and will continue to re-evaluate its dividend plan in light of its operation needs, earnings, financial condition, working capital requirements and future business plans as the Board may deem relevant at such time.

TAX RELIEF

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

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The remuneration paid/payable to the external auditor of the Company in respect of audit services for the year ended 31 December 2024 and non-audit services for the year ended 31 December 2024 (being the interim review for the six months ended 30 June 2024 of the Group's financial results) amounted to RMB2.5 million and RMB0.6 million, respectively.

Details of the services and fees of the external auditors are set out below:

	2024 **RMB million**	2023 RMB million
Audit services	**2.5**	3.1
Non-audit services		
Interim review	**0.6**	0.8
Other services	**–**	0.1
Total	**3.1**	4.0

JOINT COMPANY SECRETARIES

Mr. Wu Jieran has been appointed as a joint company secretary of the Company with effect from 26 September 2023.

Ms. Ng Ka Man has been appointed as another joint company secretary of the Company with effect from 28 March 2022 and she shall assist Mr. Wu Jieran to discharge the duties as a company secretary of the Company. Her primary contact person at the Company is Mr. Wu Jieran, the other joint company secretary of the Company.

They both have taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. 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 of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Pursuant to article 12.3 of the Articles of Association, extraordinary general meetings shall also be convened on the written requisition of any two or more members deposited at the principal office of the Company in Hong Kong specifying the objects of the meeting and signed by the requisitionist(s), provided that such requisitionist(s) held as at the date of deposit of the requisition not less than one-tenth of the voting rights, on a one vote per share basis, which carries the right of voting at general meetings of the Company.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or the Cayman Islands Companies Law for shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

The contact details of the Company are as follows:

Address:	17/F, Qianhai Shimao Finance Centre II, No. 3040 Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, PRC
Tel:	0592–3325599
Email:	IR@weile.com

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company is committed to safeguarding the interests of our shareholders and believes that effective communication with shareholders and other stakeholders is crucial to strengthening investor relations and promoting understanding of our business performance and strategies. The Board has adopted a shareholder communication policy with an aim to ensure that shareholders and potential investors of the Company have timely access to comprehensive, consistent and easily understandable information about the Company. This enables the shareholders to exercise their rights with knowledge, and also allows them and potential investors to engage actively with the Company. The Company has a dedicated team responsible for the management of investor relations. The Company places great emphasis on website development and adheres to the information disclosure requirements of the Stock Exchange, ensuring timely and accurate information disclosure and the release of various business updates and data. The Company continuously improves its website pages in accordance with the latest regulations of the Listing Rules, enabling investors to keep abreast of the Company's latest developments. The Company maintains a website at www. jiaxianghudong.com as a communication platform with shareholders of the Company and investors, where the financial information and other relevant information of the Company are available for public access. The Company also maintain dialogue with shareholders through general meetings. At the general meetings, relevant representatives of the Company attend and answer shareholders' questions.

The Company has reviewed the implementation and effectiveness of its shareholder communication policy for the year ended 31 December 2024. Based on the current management policy and the investor relations website at www.jiaxianghudong.com, the Company believes that its shareholder communication policy has been effectively implemented.

Investor Relations Contacts

The Company values feedback from shareholders, investors and the public. Enquiries and proposals are welcome and can be put to the Company by emailing ir@weile.com.

The latest investor relations information is available at the Company's investor relations portal at www. jiaxianghudong.com.

CONSTITUTIONAL DOCUMENTS

For the year ended 31 December 2024, the Company has not made any changes to its Articles of Association.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company's principal place of business in Hong Kong was changed to LM8, 5/F, Lee & Man Commercial Center, 169 Electric Road, North Point, Hong Kong with effect from 31 January 2024. The website, telephone and facsimile numbers of the Company remain unchanged. For further details of the changes, please refer to the announcement of the Company dated on 31 January 2024.

BOARD STATEMENT

The Board of Directors (the "**Board**") of Homeland Interactive Technology Ltd. and its subsidiaries ("**Homeland Interactive**", the "**Group**", "**we**" or "**us**") acts as the highest level of responsibility and decision-making institution for environmental, social and governance ("**ESG**") issues, bears the ultimate responsibility for the Group's ESG strategy and information disclosure, and monitors all ESG-related matters that may affect the Group's business operations or development. The Board appoints senior management to identify and assess the ESG risks relating to the Group, in order to ensure that the Group has appropriate and effective ESG risk management and internal control systems, and to report to and review with the Board the progress made in achieving the relevant ESG goals. For more details, please refer to the section "ESG Governance".

The Group values the suggestions and opinions of various stakeholders[1] and ensures sufficient channels to communicate and exchange with key stakeholders, so as to discuss and identify the Group's important ESG issues and the ESG risks it may face, and to continuously improve its strategies and measures related to ESG. For more details, please refer to the section "Stakeholder Engagement".

The Board together with all directors guarantee that the information contained in this ESG report (the "**Report**") does not include any false statements, misleading representations or material omissions, and accept responsibility as to the truthfulness, accuracy and completeness of the Report. This Report discloses in detail the progress and effectiveness of the Group's ESG efforts in 2024 and commits to make every effort to ensure that all data presented in this report is accurate and reliable and is managed through the establishment of internal controls and a formal review process. This Report has been confirmed and approved by the Board on 28 March 2025.

1. ABOUT THIS REPORT

1.1 Report Overview

Homeland Interactive is pleased to present the sixth Environmental, Social and Governance Report of the Group. This Report fully discloses the ESG overall strategies, implementation measures, governance achievements and various environmental and social key performance indicators ("**KPIs**") of the Group in 2024, allowing stakeholders to further understand the ESG effort of the Group.

1.2 Reporting Scope and Period

This Report discloses the overall ESG performance of the Group for the period from 1 January 2024 to 31 December 2024 (the "**Year**" or the "**Reporting Period**"), showcasing the sustainability strategy, approach and performance of the Group to its stakeholders. Unless otherwise stated, the reporting scope of this Report covers the Group's business operation in the People's Republic of China (the "**PRC**").

[1] "Stakeholders" represents the groups or individuals that have a significant influence on corporate business or vice versa. Stakeholders constitute the Board, management, administrative staff and general staff within the Group, and the shareholders, business partners, customers, government and regulatory authorities, banks and investors, as well as communities outside the Group.

1.3 Reporting Standards and Principles

This Report has been presented in accordance with the mandatory disclosure requirements and the "comply or explain" provisions of Appendix C2 Environmental, Social and Governance Reporting Guide (the "**Guide**") to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), and in accordance with the following four reporting principles:

Materiality	This Report has identified and assessed ESG issues that are material to our business, internal and external stakeholders, and the disclosures in the report have responded to the results of the materiality assessment.
Consistency	The statistical and calculation methodologies used for information disclosure in this Report are consistent with those of last year. Any changes will be clearly stated in this Report.
Quantitative	The statistical standards, methodologies, assumptions, calculation tools and source of conversion factors used, for the reporting of KPIs and related data, are stated in this Report.
Balance	This Report provides an unbiased picture of the Group's performance and avoids selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by its readers.

1.4 Source of Information

The information and data cited in this Report is sourced from the Group's official documents, statistical reports, internal statistics and relevant public information.

1.5 Access of this Report

As part of the Group's Annual Report, this Report has been prepared in both English and Chinese, and is available on the Stock Exchange's website (www.hkexnews.hk) and the official website of the Group (www.jiaxianghudong.com). In case of discrepancy, the English version shall prevail.

1.6 Collecting Feedback

The Group considers feedback from stakeholders as important drives of our sustainability journey. Should you have any opinions on this Report or the Group's sustainability performance, please contact us at:

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Email: ir@weile.com
Official website: www.jiaxianghudong.com

2. ABOUT HOMELAND INTERACTIVE

Homeland Interactive Technology Ltd. is a leading mobile game developer and operator in the PRC with a special focus on the development and operation of localized games. With its enduring product portfolio and differentiated operating strategies, the Group has successfully established a large and stable user traffic pool for its own platform. While deepening its presence in the local market, the Group is also actively expanding its overseas business, promoting product diversification and attracting more user groups. In the future, the Group will continue to launch high-quality localized games for domestic and overseas players, and while meeting the ever-changing entertainment needs of users, actively respond to industry regulatory requirements, provide users with a green, fair, healthy and progressive gaming platform, and achieve sustainable development.

Awards and Accolades

During the Reporting Period, the Group received the following awards, which fully reflect the recognition from the public and the regulatory authorities on us.

Time	Awards and Certifications	Awarding Organizations
March 2024	State-Encouraged Software Enterprise	China Software Industry Association
July 2024	Innovative Small and Medium-sized Enterprise	Shenzhen Small and Medium Enterprise Service Bureau
August 2024	Top 100 Private Service Enterprises in Fujian Province	FuJian Internet Society
September 2024	Top 100 Private Enterprises in Corporate Social Responsibility in Fujian Province	Fujian Federation of Commerce & Industry
September 2024	Top 50 Internet Enterprises in Fujian Province in 2024	Fujian Federation of Commerce & Industry
December 2024	Specialized and Sophisticated SME	Shenzhen Small and Medium Enterprise Service Bureau
December 2024	High-Tech Enterprise	Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality, Shenzhen Municipal Tax Service, State Taxation Administration

In the future, we will continue to adhere to the principles of green, healthy, orderly and fair, innovation, quality, professionalism and efficiency as our foothold, take technological innovation as the core driving force for corporate development, and empower corporate development with the power of science and technology. We actively embrace cutting-edge technologies such as AI to promote intelligent business operations, improve product quality and innovation, and bring users a more efficient and convenient experience. We also attach importance to the inheritance and dissemination of traditional culture. We integrate and innovate with traditional culture in product design, generate new inspiration, and provide people with a new perspective to understand multiculturalism.

3. Practicing Sustainable Development

3.1 Our Approach to Sustainability

The Group maintains a high level of attention to domestic and international sustainable development policies and regulations, actively responds to more demanding ESG governance and disclosure principles, and continues to practice corporate social responsibility in daily operations. The Group is committed to fulfilling its commitments and has established a comprehensive policy system to oversee our performance in environmental protection, labour practices, supply chain management, product responsibility, business ethics, and integrity. At the same time, we are committed to pioneering innovative ideas and long-term, sustainable development strategies in order to provide users with better products. The Group strives to establish a sustainable life cycle for entertainment and become a green, healthy and fair online gaming platform in China that benefits our employees, players, suppliers, business partners, investors, shareholders and other stakeholders. We continuously optimize and improve our policies and management practices in relation to various ESG domains to improve our sustainability performance, in order to bring positive impacts to society.

3.2 Sustainability Governance System

The Board bears responsibility for the Group's ESG strategy reporting, monitors the Group's ESG practices and controls the directions of its ESG strategies based on the Group's long term development strategy and position. To effectively carry out the Group's ESG-related initiatives during the Reporting Period, our senior management is authorized by the Board to monitor the Group's ESG issues, and report and provide suggestions to the Board on an annual basis, including:

- facilitating the Board in leading the management to perform ESG governance duties and supervising the design, implementation, monitoring and continuous improvement of the ESG risk management and internal monitoring system;
- continuous identification, review, assessment and management of material ESG-related risks and opportunities that may have a potential impact on the business and various aspects of the Group's business (including but not limited to climate-related risks, ESG risks along supply chain and internal control risks);
- formulating or continuously improving risk response policies and procedures for identified significant ESG risks;
- providing relevant training on domestic and international sustainable development trends, policy updates and feasible ESG risk management policies to enhance the ESG risk management system;
- monitoring and reviewing the implementation of ESG-related policies and measures to ensure that the Group's business and operations comply with laws and regulations;
- monitoring and reviewing the Group's ESG performance and progress in achieving the goals based on established environmental protection goals;
- monitoring and reviewing the Group's stakeholder communication channels to ensure effective communication with important stakeholders and establish a stable and trusting relationship;
- preparing an ESG information disclosure report to disclose the Group's annual ESG performance and submit it to the Board for approval.

3.3 ESG Risk Management

The Board undertakes the ultimate responsibility to oversee the Group's risk management activities and monitors ESG risks that are material to the Group. The Group continuously improves its risk management and internal monitoring systems by formulating a risk governance framework, implementing risk management processes and strengthening risk culture, thereby enhancing the Group's risk management capabilities and ensuring the healthy and sustainable development of the Group's business. Our risk management mechanism evaluates the risks that may prevent or endanger the achievements of our business objectives in a dynamic business environment where economics, industry, laws and regulations and operating conditions constantly change, allowing the Group to make timely responses, which lowers the ESG risks in our operation.

We have engaged an independent professional third party consulting company to assist us in identifying and assessing the ESG risks that have a significant impact on our business operations, including climate change, product quality and innovation, supply chain stability etc.. To set out the identified ESG-related risk levels, we assess the level of risks by considering both the likelihood of risks and their potential impact on the Group. During the Reporting Period, we have identified the ESG risks that may have a significant impact on the Group, and accordingly, should be addressed in our operations.

In order to manage ESG risks, the Group has formulated corresponding risk mitigation measures and emergency plans for each of the ESG risks identified and delegated related business departments to respond in a timely manner as such risks arise in accordance with the corresponding measures, striving to minimize such risks. For the details on our risk management approach, please refer to the section headed "Corporate Governance Report" of the report of the Year.

3.4 Stakeholder Engagement

The Group places much emphasis on the valuable feedbacks from stakeholders and considers them as important steps to enhance our operating performance and sustainability approach. The Group collects stakeholder suggestions through a series of communication channels and establishes a two-way communication mechanism between the Group and stakeholders, aiming to incorporate stakeholders' diverse views on the Group and help us continuously improve our performance. The Group will continue to maintain close contact with stakeholders and actively respond to their opinions to facilitate the sustainable development of the Group.

Major Stakeholders	Expectations and Demands	Main Communication Channels
Shareholders and investors	Compliant operation Investment return Protection of shareholders' rights Accuracy and completeness of information disclosure	Meeting of senior management Corporate communication, such as shareholders' letter/circular Annual general meeting and other general meeting Announcements of the Group The Group's official website and investor relations email
Regulatory organizations	Compliant operation Product quality and safety Facilitating economic development	Work meetings Compliance report Supervision and inspection

Major Stakeholders	Expectations and Demands	Main Communication Channels
Customers	Product quality and safety High-quality and efficient services Protecting customer privacy Performance of contract	User satisfactory survey and questionnaire Improving customer compliant handling mechanism Online customer service Social media platform Hotline Official website and email Customer service center
Employees	Remuneration and benefit Career development Health and safety Occupational training Humanistic care	Employee survey Internal communication channel Performance appraisal Meeting an discussion Employee training program Employee activity
Business partners/ suppliers/ distributors	Integrity and mutual-benefit Supply chain management Performance of contract	Supplier meeting Supplier evaluation Strategic cooperation project Telephone enquiry Email enquiry
Community/ environment/NGOs	Employment opportunity Effective use of resources Supporting community development Reducing pollutant emission	Recruitment Charity donation Volunteer activity/environmental protection activity Information disclosure
Media	Accuracy, transparency, high efficiency	Press release Visit of senior management Official website Social media platform

3.5 Materiality Assessment

In addition to the abovementioned ongoing communications channels, we also invited third-party professional consultants to assist in the materiality assessment during the Reporting Period. We invited key stakeholders to participate in a survey to achieve a comprehensive assessment of the materiality of ESG issues.

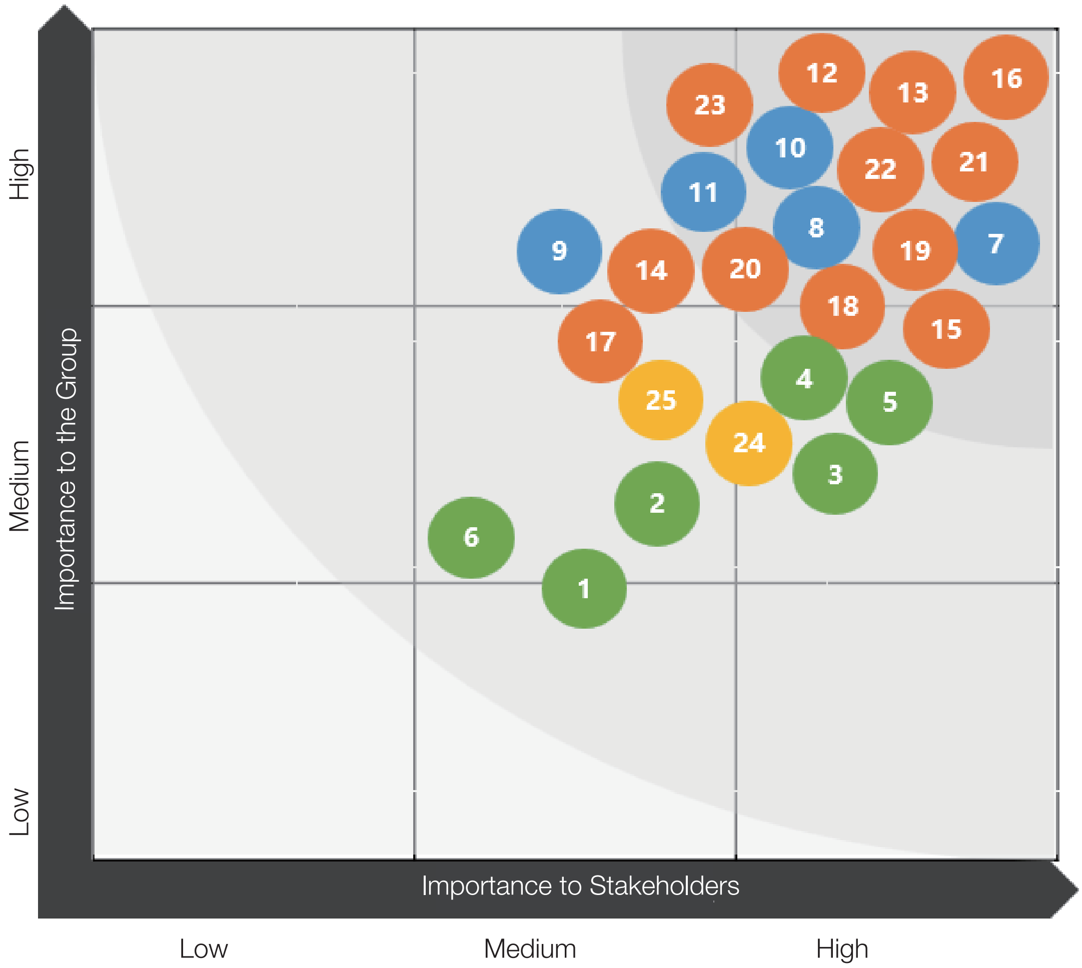
The following outlines the procedures of the materiality assessment of the Group's ESG issues:

- Pursuant to past and existing stakeholder communication results, the Listing Rules and the latest sustainable development trends and based on the current business of the Group, we identified material issues for the Year under the four aspects of environment, employee, product and society;

- Key stakeholders were invited to participate in a survey by way of questionnaire to rate identified issues;

- We prioritized identified issues for analysis based on results of the survey.

The results of the materiality assessment of the Year are set out in the following materiality matrix:



Environment	Employee	Product	Society
1. Air emissions management 2. Greenhouse gas ("**GHG**") emissions management 3. Waste management 4. Energy consumption and management 5. Non-renewable resources consumption and management 6. Climate change response	7. Employee benefit and attracting talent 8. Employee training and occupational development 9. Employee health and safety 10. Employee compliance 11. Employee diversity, equality and inclusion	12. Product quality and safety 13. Risk evaluation and governance 14. Responsible investment 15. Intellectual property management 16. Quality customer service 17. Sustainable supply chain management 18. Industrial cooperation and ecology building 19. Business ethics and anti- corruption 20. Information security and protection of trade secret 21. Research and development and technological innovation 22. Anti-gambling 23. Anti-addiction	24. Society contribution 25. Charity investment

4. Integrity and Compliance Operation

4.1 Anti-Corruption and Integrity Building

The Group fully understands the significance of adhering to business ethics and operating with integrity to the sustainable development of the enterprise and the enhancement of its brand image. The Group strictly abides by the relevant laws and regulations such as the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC, the Company Law of the PRC and the Anti-Money Laundering Law of the PRC, and strictly prohibits any form of bribery, extortion, fraud, money laundering and other illegal activities. During the Reporting Period, the Group did not incur any material violations of laws and regulations relating to bribery, extortion, fraud and money laundering.

The Group has detailed provisions on integrity and personal conduct in its employee contracts, strictly prohibiting employees from offering or accepting benefits such as money or gifts, offering or accepting rebates, rewards or secret commissions, bribing or accepting bribes, engaging in insider trading and other corrupt practices under any circumstances. At the same time, the Group distributes an "Employee Handbook" to employees upon their commencement of employment, which sets out the code of conduct that employees should abide by in their business dealings and requires employees not to solicit or accept benefits from business associates. In their dealings with business-related entities, employees should adhere to the principles of lawfulness and proper professional ethics, and should not use unethical means to obtain benefits, make use of Group information for personal gain, or embezzle public funds.

The "Employee Handbook" also defines in detail the violations of the integrity system, the damage to the interests of the Group, and the serious violation of the business ethics of integrity and honesty, such as directly, indirectly or attempting to obtain improper benefits from business partners, affiliates of business partners and player users, etc., and draws a red line for employee behavior to remind employees to maintain business ethics and comply with work requirements at all times.

To demonstrate the Group's serious commitment to preventing corruption and maintaining high business ethics and integrity, we regularly review the results of our internal integrity work and set up a reporting mailbox and hotline to collect reports of non-compliance. We treat all reports with caution and conduct a comprehensive investigation to verify whether there is corruption or unethical behavior. Once it is determined that the reported person's violation has actually occurred, we will take necessary measures to impose different penalties or punishments on the violators depending on the severity of the circumstances, the magnitude of the consequences, and the attitude towards the violations. Those with serious circumstances will be transferred to state agencies for handling in accordance with laws and regulations.

The Group actively promotes and maintains a culture of integrity by arranging relevant training for the Board and all employees to enhance education on business ethics and integrity management. During the Reporting Period, 8 hours of relevant training were organised for the Board and senior management.

4.2 Anti-gambling

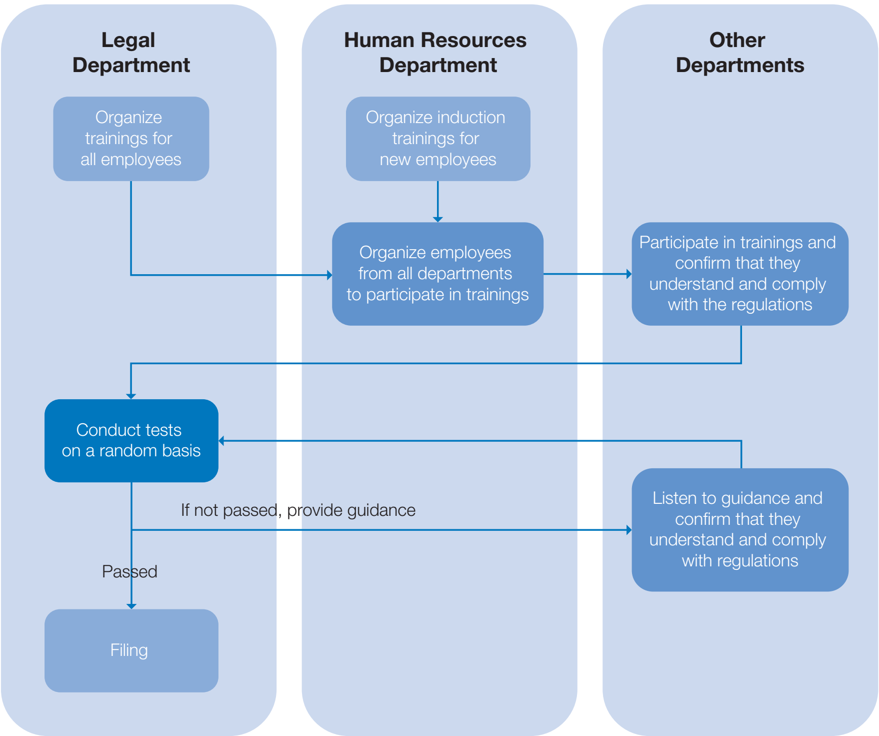
In view of the nature of the game products of the Group, the Group considers prohibiting any forms of gambling as its main responsibility. All the games of the Group are green chess and card games, which replicate the characteristics of playing these games offline. Our games are completely devoid of any gambling features and do not exhibit any specific features that may facilitate gambling.

Our Group has established a thorough "Anti-gambling Management System" to implement management measures for the Group's games and the Group's employees, to identify situations in which gambling behaviour may occur in the gaming environment and to take targeted actions. The Group has issued the "Anti-gambling Setting Instructions" for its games in accordance with the "Anti-gambling Management System" and uploaded it to the official website of the game to ensure the openness and transparency of the Group's anti-gambling principles and management system. At the same time, the Group's anti-gambling regulations are listed in the "Employee Handbook", strictly prohibiting employees from engaging in any form of gambling or behaviors that are conducive to gambling in the game, to ensure comprehensive prevention of gambling behavior.

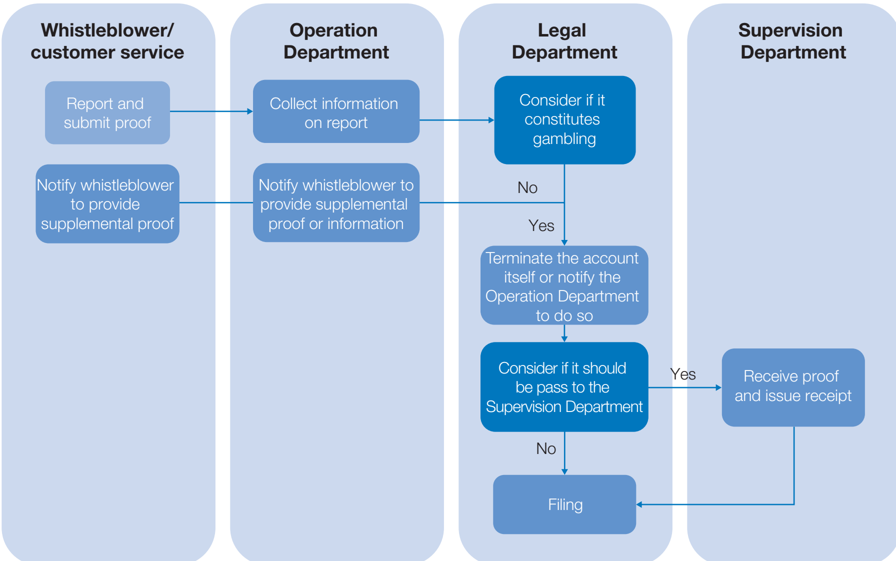
External	• Frequent system-loop messages are released in the game to remind all players that "trading virtual currency and gambling in games are strictly prohibited"; • Setting a daily limit on the total top-up amount for each account in our game, and if the recharge reaches a certain limit, the account will not be able to be recharged in any way on that day; • Setting a cap on the total amount of virtual currency that each account can win or lose in all games per day; • Establishing a whistleblowing mailbox for reporting suspected irregularities, with timely follow-up actions taken; • Prohibiting players from trading or transferring virtual currency, censoring words such as "virtual currency trading and selling", and blocking messages related to in-game currency trading or selling. If related messages are identified, corresponding accounts will be terminated, and serious cases will be reported to the public security bureau;; • Game customer service staff and management staff will regularly inspect all game rooms and will handle any violations immediately; • Conducting regular anti-gambling reviews, with a designated risk control team inspecting our game products in accordance with the "Anti-gambling Management System"; • Customer service staff receive and respond to player complaints. For example, if a user reports an account that resells virtual currency and provides relevant screenshots, the administrator will immediately block the reported account and deduct all virtual currency. • If illegal cases are suspected, we will take immediate remedial action and appropriate legal actions.

Internal	All employees: • shall not organise or participate in gambling in the name of the Group or provide facilities such as settlement and payment for gambling; • shall not participate in any gambling game with his/her own gaming account; • shall not use his/her working status or his/her official position to de facto participate in gambling games, make illegal profits or provide facilities for gambling; • shall not impede the Group's investigation of violations by players or other suspected parties, and shall not conceal, falsify or modify the contents of evidence submitted by the investigated parties; • shall not use their official position to sell virtual currency or props in the game, directly or indirectly, by any means; • shall not engage in other behaviours that may be considered as gambling. New employees: • must participate in induction or thematic compliance training to learn the requirements of the "Anti-gambling Management System" in depth; • must pass the assessment set for the contents of the gambling prevention training before signing a contract of employment and commencing work.

The Group's Legal Department is responsible for promoting the "Anti-gambling Management System" to all employees on a regular basis, organizing corresponding training on a semi-annual basis, and requesting employees to participate in the relevant assessment of the "Anti-gambling Management System", with the specific procedures set out below:



The Group has set up a gambling reporting portal in its game products. Players can click the report link in the customer service window and report illegal activities according to the reporting guidelines. The relevant departments are required to screen user feedback on a daily basis, and transfer the relevant information of gambling or selling of game items to the Legal Department in a timely manner. The Legal Department will take over and deal with the situation. A complete procedure for handling reports of illegal activities involving or suspected of involving gambling has been established. Its specific procedure is as follows:



4.3 Product Compliance Review

The Group fully understands the far-reaching impact and significance of product compliance on the sustainable development of its business, the stabilization of its brand image and the enhancement of player recognition. We conduct a comprehensive compliance review of game products, with the collaboration of the Legal Department and a team of external lawyers. The review covers the entire life cycle of the product before and after launch and daily operations, and we regularly issue compliance reports for each product.

Before the launch of games	The Legal Department and external lawyers log into the game as players and conduct compliance reviews on various game interfaces, functions, material displays, etc. If any problems are found, the responsible team will be asked to make corrections in a timely manner.
After the launch of games	The Legal Department will conduct compliance reviews of game content and materials every week. If game features need to be updated, adjusted, or added, the Legal Department and external lawyers will intervene in advance to conduct compliance reviews.
Product management	The Legal Department requires the Operations Department to compile and submit reports on new product features and R&D objectives every month, and the R&D Department to compile and submit reports on new product features and R&D objectives every quarter, conduct overall compliance reviews, and archive relevant information.

Product compliance report	An external team of lawyers is engaged to issue quarterly product compliance reports covering the requirements of each channel.
In-game whistleblowing	All of the Group's games are equipped with convenient whistleblowing channels. If any whistleblowing information is received, customer service will report it in a timely manner for assessment by the Legal Department; if the whistleblowing information involves illegal content, the Legal Department will deal with the illegal information in a timely manner, and take measures such as banning illegal accounts and reporting illegal clues to properly handle the whistleblowing case.

In response to the compliance risks that may be involved in the games, the Group has formulated the "Product Red Line Compliance Checklist" to conduct strict compliance testing on all its games. The key testing items are as follows:

Testing Targets	Testing Standards
Anti-addiction real-name verification system to operate effectively	• When using the real-name information of a minor to register an account or log into a game, a prompt pop-up window will automatically pop up on the game interface; • During non-minor hours, minors cannot register accounts or log into games using their real-name information.。
Real-name authentication system to run effectively	• A real-name verification pop-up window will automatically pop up at the start of the game; • Incorrect real-name information will prevent you from registering an account or logging into the game.
Game version number, qualification information, and terms of service to be accurately displayed	• Game start screen automatically pops up user agreement, privacy policy, age-appropriate tips, etc.; • Click user agreement, privacy policy, age-appropriate tips, etc. to read the latest full text of the content; • Players must check "Agree" on the User Agreement, Privacy Policy, etc. before they can register an account and log in to the game; • The game registration and login interface contains health notices, software copyrights, version numbers and other information to ensure that the information is complete and accurately displayed.
Sensitive word library to operate effectively	• Illegal information entered into in-game nicknames, avatars, chat dialog boxes, etc. can be effectively intercepted and violations will be prompted.

Game functions and content are legal and compliant	• The game does not contain gambling-related gameplay; • The probability of random draw is announced, and the game props are drawn instead of cash or physical objects; • The game does not charge service fees based on the winning or losing of the game; • The game name, product introduction and game content shall not contain any obvious gambling-related promotional texts such as cash withdrawal and transaction, and shall not contain any content promoting gambling such as one-to-one simulated gambling equipment images; • The game has provided an effective and smooth customer service channel, and players can report violations; • The virtual currency and virtual props obtained in the game are for personal use only by players and cannot be given, traded, or transferred between different entities or accounts. They cannot be converted back into legal tender or used to purchase physical goods or exchange for any property or service of other companies. • Players cannot send illegal text content in the room, and cannot illegally transfer game coins or game props through the game room; • Players cannot communicate suspected illegal or irregular content through the interactive functions of the game; • The in-game rankings do not contain any illegal or unlawful information; • There are green game and anti-gambling notices in the game.

5. Fulfilling Product Responsibility

5.1 Managing Business Operations

A strict and standardized operating model is the key driving force for the Group's continued success. It has effectively strengthened the Group's corporate governance and internal control, effectively reduced business operation risks, and ensured that our business continues to be carried out efficiently and in a coordinated manner. At present, we have achieved remarkable results in optimizing the compliance control framework, simplifying office processes, and improving internal operations management. In the future, we will continue to strictly control the operational links to lay a solid foundation for the long-term development of the Group.

As the Group is principally engaged in the operation of mobile board games, the Group was not involved in any product recall or product recall situation.

5.2 Commitment in Game Development

The Group is committed to providing users with solid protection in every aspect of product use, avoiding network and information risks and building a safe and orderly business operation environment through strict and standardized information security protection work. The Group strictly complies with applicable laws and regulations, including but not limited to the Cybersecurity Law of the PRC, the Data Security Law of the PRC, the Regulation on Internet Information Service of the PRC, the Interim Administrative Provisions on Internet Culture, the Telecommunication Regulation of the PRC, the Personal Information Protection Law of the PRC, the Regulation on Network Data Security Management and the Provisions on the Administration of Online Publishing Services to ensure compliant game operation and protect the rights of players.

Given our business nature, the Group has obtained approval from the National Press and Publication Administration for the registration of our games to ensure compliant game publishing. Moreover, the Group has also acquired ICP Licenses to ensure that our business operations are fully compliant with all relevant laws and regulations.

During the Reporting Period, the Group was not aware of any material non-compliance in relation to health and safety, advertising, labelling and privacy of products and services.

The Group actively implements network and information security measures and practices to ensure the security of the Group's network and user information. Through the implementation of a series of policies, we ensure full supervision throughout the entire life cycle of the game. During game development, the Group supervises and executes the game development business through a professional game development team, including project commencement, market research and on-site research, coding, internal testing, adjustment and publication, to ensure that the Group produces quality mobile games to satisfy players' needs. Before the publication of a game, the Group has to conduct comprehensive internal tests for newly developed games, enabling the game development team to timely fix such problems. After the launch of games, the Group will also closely monitor their performance and collect and analyze players' behaviors and feedback, in order to identify any problems and make necessary enhancement to further improve the games.

During the Reporting Period, the Group introduced cutting-edge technologies such as AI to facilitate the steady development of product development, adjustment, testing and review, and to enhance the efficiency of game optimisation; at the same time, the Group carried out data collection, intelligent monitoring and information filtration of the gaming environment to safeguard the health and harmony of the gaming environment, and to further enhance the user experience.

5.3 User Complaint Handling

The Group always focuses on providing value to users and delivers and creates value through high-level user services. The Group strictly abides by the relevant laws and regulations such as the Law of the PRC on the Protection of Consumer Rights and Interests and Regulation on the Implementation of the Law of the PRC on the Protection of Consumer Rights and Interests, and respects and strives to protect the rights and interests of players. In order to meet users' inquiries, complaints and other needs and ensure that players are highly satisfied with the gaming experience and Group services, we continue to improve our customer service system, and have formulated a series of normative documents such as the "Customer Service Center Management System" and "Regulatory Customer Complaint Handling Compliance Guidelines". We insist on providing users with warm services and ensure that user requests can be handled quickly and properly.

Our procedures of handling complaint are as follows:

Organize and review complaints	Designated team will regularly check its corporate account and applications every day, collect complaints and immediately pass to the head of customer service.
Determine complaint type	The customer service team classifies the complaints based on their content. They are generally classified into minor, major and substantial complaints.
Resolve complaints	We will contact players to understand the cause of such complaints and reply within 24 hours. For minor complaints, the customer service department will decide the handling method and reply. The handling of important and major complaints requires coordination with other departments and the final processing results must be synchronized.
Processing results and records	Once we reach a consensus with players and complete the complaint handling processes, the Customer Service Center will close the case and file the record of the results.

In addition, with regard to the supervision of customer complaint handling, we have clarified the main duties that customer complaint handling personnel should perform:

- Formulate relevant guidelines and systems for the Group's customer complaint compliance handling, and support and supervise the implementation of other departments;
- Prepare a regulatory customer complaint log to record and organize relevant information on the handling of regulatory customer complaints;
- Conduct monthly, quarterly and annual review and summary of regulatory customer complaints;
- Properly handle all types of regulatory customer complaints to avoid escalation of disputes;
- Handle relevant complaints and reports from regulatory authorities, and take on-site notes or prepare situation reports according to the requirements of regulatory authorities;
- Pay attention to relevant laws and regulations, update and interpret them in a timely manner, and organize relevant departments to conduct customer complaint handling training and learning.

We continue to improve our customer service level and strive to build a customer service team with high professionalism. We arrange all-round training for our customer service staff, including induction training and on-the-job training, with topics including but not limited to service standards and good examples, sharing of cases of daily business problems, and operation and use of customer service system, to enhance the overall quality of service. At the same time, we have set up a customer service excellence award mechanism to recognise and reward those who are dedicated to customer service and have received praise from customers for their excellent performance.

During the Reporting Period, the Group received a total of 807 complaints from players, all of which were handled in a timely manner and resolved appropriately.

5.4 Protection of Minors

The Group recognizes its responsibility to safeguard the physical and mental health of our players, particularly the protection of minors, and is committed to creating a healthy online environment, providing effective player protection and positive value guidance. We are constantly improving our player protection measures, implementing the Regulations on the Protection of Minors in Cyberspace, Provisions on Online Protection of Children's Personal Information, the Notice of Preventing Minors from Becoming Addicted to Online Games and other industrial laws and regulations. We implement strict control mechanisms, and test the effectiveness of the control mechanisms.

Control Mechanism	Enforcement
Real-name Registration System	• All games of the Group are equipped with real-name authentication system. We require players to complete real-name registration procedures by providing their names and identification numbers during their registration; • Certain games also require linking their accounts to social media with real-name registration for login. Related products also require real-name registration.
Anti-addiction Real-name Registration System	• All games of the Group are connected to the Anti-addiction Real-name Registration System of the National Press and Publication Administration; • Online gaming services may only be provided to minors from 20:00 to 21:00 every day on Fridays, Saturdays, Sundays and statutory holidays; • Payment services for games shall not be provided to users under the age of 8; for users aged 8 to 16, the single recharge amount shall not exceed RMB 50, and the cumulative recharge amount per month shall not exceed RMB 200; for users aged 16 to 18, the single recharge amount shall not exceed RMB 100, and the cumulative recharge amount per month shall not exceed RMB 400;

The Group strictly abides by the Notice by the National Press and Publication Administration of Further Imposing Strict Administrative Measures to Prevent Minors from Becoming Addicted to Online Games and upholds the principle of "Green Game, Healthy Game", effectively implementing measures to protect minors and build a protection network for minor users to safeguard them. We prohibit the provision of gaming services to accounts without real-name registration in any form, ensuring that all chess, card and fishing games are only open to players aged 18 or above.

At the same time, the Group provides parental supervision services for minors in online games for its games and uploads the application process for parental supervision services to the official website of the games. The Parent Supervision Project for Minors in Online Games is guided by the Ministry of Culture of the PRC, initiated and implemented by major game manufacturers. It aims to strengthen parental supervision over minors' participation in online games, take restrictive measures on the accounts of children who are addicted to games, solve the negative phenomenon of minors being addicted to online games, and guide minors to participate in online games in a healthy and green way.

In the future, we will continue to take the protection of minors as our responsibility and continue to increase our protection efforts for minors, hoping to provide players with a healthy and balanced gaming experience.

5.5 Information Security Protection

The Group fully understands that network and data security is an important foundation for building digital trust and a basic prerequisite for protecting user information and privacy rights. We adhere to the principles of compliance, comprehensive control, effective execution, coordinated inspection and hierarchical implementation, and have established a comprehensive network security control system to resist the risks of network attacks. The Group has established the "Information Security Management System", the "Information System and Security Construction Management Requirements" and the "Network Security Protection Emergency Response Plan", and has formed a specialized information security working group to coordinate and implement the Group's various work requirements regarding information security, and effectively protect the Group's commercial secrets, player user data and other important information from unauthorized access or malicious attacks. The main duties of the information security team are as follows:

- Manage the information system and security construction centrally, coordinating the planning, construction, deployment, coordination, supervision and inspection of global information system and security construction;

- Implement the management of information system and security construction at the company level, exercising the functions of prevention and protection, supervision and inspection, response and disposal;

- Direct the management of corporate information system and security construction.

The Group's network data security takes players' privacy protection as its core objective, and is committed to ensuring the safety and compliance of various data processing activities, protecting personal information, ensuring data security, preventing data security risks, and preventing information from being leaked, tampered with, destroyed, sold or illegally provided to third parties. We use JumpServer (a springboard machine, also known as bastion machine system) to manage and log in to various types of data assets in a more secure way. All data is first logged into JumpServer and then into the actual system, forming a solid barrier between the internal network and the external network to ensure the security and reliability of data transmission. At the same time, it realizes refined management and strict monitoring of user access rights, effectively preventing malicious third-party attacks. To ensure data and network security and achieve safe and stable business operations, we use the Rundeck automated platform with JumpServer to execute commands and perform automated operations in the production environment, set up firewalls and monitor server operations from time to time to protect the security of cloud servers and containers; we effectively prevent data loss through data backup and ensure that various information assets of products and businesses are properly protected.

We continue to consider the protection of user privacy throughout the product life cycle and strictly abide by the Personal Information Protection Law of the PRC and internal network data security management principles. We proactively disclose our Company's policy on the protection of personal information to users when we provide game products and services, explain in detail the purpose, manner, scope, and rules of information use, and seek their consent, in order to minimize the collection of user information necessary for the development of our business and to avoid excessive collection of unnecessary personal information. The key in-game control measures include:

- The user agreement and privacy policy will automatically pop up on the game start screen;
- Players must click on the User Agreement, Privacy Policy and age-appropriate prompts and browse the complete content of the latest version before they can check and agree to the User Agreement and Privacy Policy;
- Players can only start registration and login after checking and agreeing to the User Agreement and Privacy Policy.

The Group has issued the "Privacy Protection Policy" for its games and uploaded it to the official website of the games to ensure the openness and transparency of the Group's privacy protection system. The "Privacy Protection Policy" lists the information collected by games and services, the storage method and period of information, information security protection measures, security incident handling measures, information usage rules, information provision rules, the rights of information owners and the protection of minors' information, to ensure that users have a clear understanding of their rights, protection policies and ways to protect their rights.

We are fully aware that personal information and privacy protection is an important part of data and privacy protection. We require all employees to sign a confidentiality statement within one month of joining the company to ensure that they are fully aware of their confidentiality responsibilities; we require all employees to fulfill the confidentiality obligations stipulated in the labor contract and employee confidentiality and non-competition agreements, and list the relevant terms in the "Employee Handbook"; at the same time, all relevant personnel who may have access to user information are required to fulfill the corresponding confidentiality obligations. Violation of such confidentiality obligations constitutes a serious violation of rules and regulations. We have the right to terminate the labor contract with the employee and pursue his or her legal liability in accordance with the labor contract and the employee confidentiality and non-competition agreement. At the same time, we have set up special confidentiality measures for player information, and only a small number of employees who need to have direct access to player information can have direct access. Authorized employees are strictly prohibited from disclosing confidential information such as customer information and personal information to third parties under normal circumstances without the player's consent. If any violation occurs, we will take serious action against the offending employees. Serious violators will be dismissed and legal proceedings will be taken to hold them accountable.

We actively organize relevant trainings such as data security compliance, user information protection, information usage compliance, trade secret protection, and legal and regulatory reading to deepen employees' awareness of information security protection, and be responsible to players, employees, and the Group.

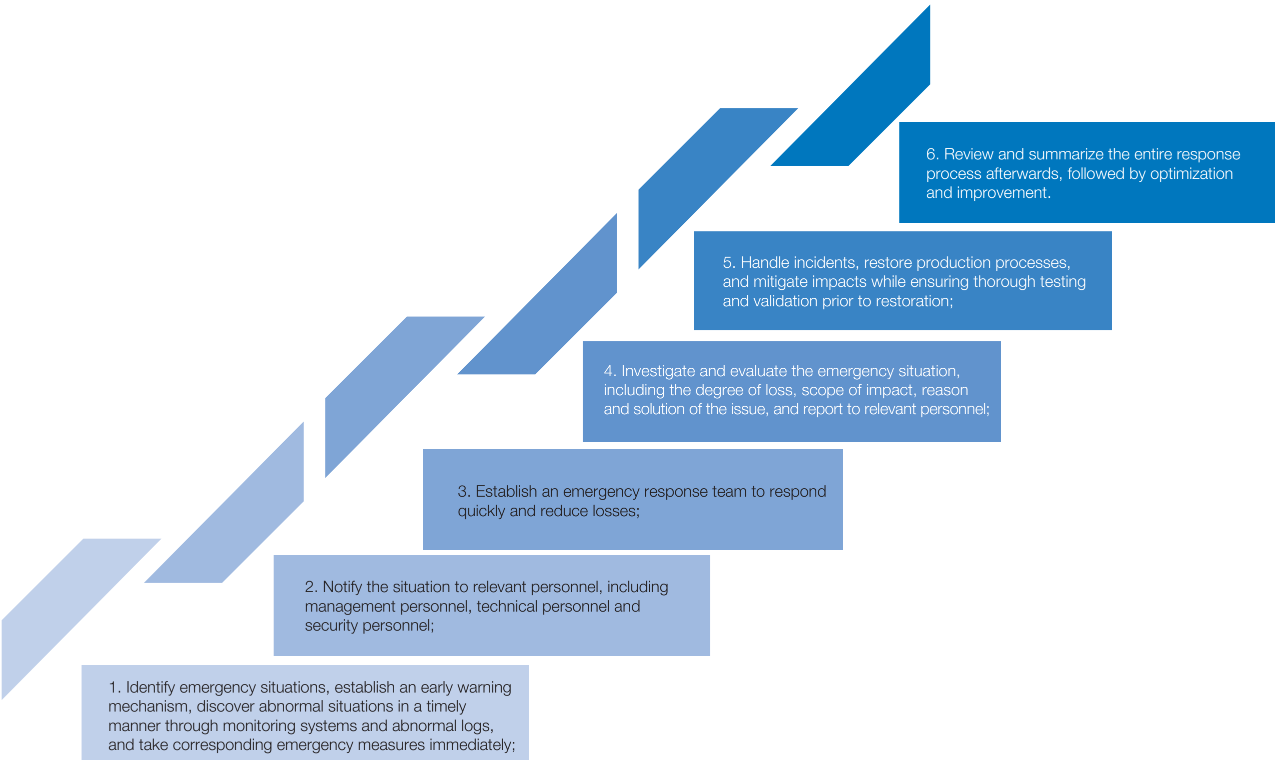
Brief Description of Illegal Behavior	Corresponding Issues
Failure to take technical protection measures such as de-identification and encryption for sensitive data, resulting in data leakage or the risk of data leakage.	Data security protection technology
Existing vulnerabilities are not repaired or managed, and have already been attacked or implanted with hidden links, Trojans, etc.	Data security vulnerability scan
Failure to handle data security incidents.	Data security emergency response
The data processor failed to comply with the regulations on data transaction security.	Data transaction security
Providing important data to overseas without authorization.	

Classification of common illegal issues

Data Security Compliance Training Materials

The Group highly emphasizes the response to unexpected security incidents. In order to prevent and handle contingency responses to network emergencies and further improve the level of prevention and control of network emergencies, mitigate or eliminate the hazards and impacts of emergencies, and ensure the network and information security, we have continuously improved our "Emergency Response Plan for the Protection of Network Security" and actively respond to network security threats, such as application software crashes, virus attacks, hacking, database leaks and network disruptions, in order to prevent and minimize the damage to systems and data, and seek to protect the Group's network security on all fronts and ensure that our business develops steadily and healthily. If an emergency such as a system failure occurs, establish an emergency handling procedure, determine the emergency organizational structure, and take timely remedial measures based on the nature, mechanism, and occurrence process of the emergency.

The Group will respond in accordance with the following emergency response plan:



5.6 Intellectual Property Protection

Intellectual property rights are the core competitiveness of the Group to achieve long-term development and maintain its market position. The Group has always attached importance to the protection of its own intellectual property rights and the protection of intellectual property rights of third parties. The Group complies with all relevant laws and regulations pertaining to intellectual property, including but not limited to the Patent Law of the PRC, the Trademark Law of the PRC, the Implementation Rules of the PRC Patent Law, the Copyright Law of the PRC, Regulation for Implementation of Copyright Law of the PRC, Internet Network Information Center Domain Name Dispute Resolution Policy of the PRC, the Anti-unfair Competition Law of the PRC, the Measures Concerning Software Products Administration and Enterprise Intellectual Property Management.

To enhance the handling and use of data related to intellectual property, we have established the "Intellectual Property Management Procedures", which covers the articles on intellectual property, application, use, and protection. The Group's Legal Department is responsible for filing and protecting intellectual property rights such as game trademarks, self-developed patents, copyrights and other intellectual property rights owned by the Group, actively safeguarding the rights and interests of the Group, providing relevant legal advice, and building a solid legal defense for the Group.

We formulated relevant terms in the confidentiality agreement that employees are required to sign to safeguard the Group's intellectual property. During the Reporting Period, all employees of the Group have signed the confidentiality agreement. At the same time, in order to continuously strengthen employees' awareness of intellectual property protection, during the Reporting Period, we have organized numerous training sessions for our employees on topics such as infringement of trademarks, copyrights and unfair competition, infringement of game rights, information network communication rights and infringement of domain names.

The Group has software copyright, version number and other intellectual property information on the registration page of its games. We encourage our employees, users and other stakeholders to report to the Group any suspected infringement of the Group's or third party's intellectual property rights. Once we receive a report, we will immediately set up a special investigation team to follow up and conduct an in-depth investigation in a timely manner.

During the Reporting Period, the Group did not commit any infringement of intellectual property rights owned by third parties.

5.7 Advertising Management

The Group emphasizes advertising management and strictly complies with relevant laws and regulations, including but not limited to the Advertising Law of the PRC and the Interim Measures for the Administration of Internet Advertising, and formulated the "Advertising Management System" to regulate the advertising and promotion of the Group's products and services.

The Group strictly complies with the advertising rules and policies announced by the platforms on which the games are published and makes continuous efforts to explore ways to optimize the advertisement management mechanism, continuously strengthens the allocation of the advertisement content review team, establishes a big data support team and closely cooperates with delivery platforms. Before publishing the contents of the advertisements, the relevant departments of the Group will carefully verify all the contents. If there is any uncertainty in the use of advertising terms, the promotional content will be submitted to the Legal Department for secondary review to ensure that all advertising content does not involve any false propaganda, exaggeration or infringing on the rights of others.

The Group strictly selects advertising suppliers and clearly stipulates advertising requirements in the contract to ensure the authenticity, accuracy and completeness of all promotional materials; the Group requires the signing of a confidentiality agreement to ensure that advertising suppliers will not leak sensitive information and avoid any violation of laws, regulations and platform regulations. In addition, in order to promote fair, just and compliant development of the industry, we regularly investigate possible thefts of the Group's advertising materials. Once discovered, we will hand them over to the legal department for processing, actively safeguard the rights and interests of the Group, and hold violators accountable for legal liability when necessary.

5.8 Cultural Communications

The Group emphasizes the inheritance and dissemination of traditional Chinese culture and is committed to integrating festival elements, mythological images, and the core of Chinese culture into its games, combining new gameplay, new versions, and new activities to provide players with a rich and diverse gaming experience.

- ***Chinese New Year Events***

  As the Year of the Dragon approaches, we have integrated traditional Spring Festival elements and launched New Year red envelope covers, Spring Festival limited avatar frames, Dragon Year limited card tables, Dragon Year magic emoticons, etc., to bring players a "New Year, New Atmosphere" experience and add a strong New Year atmosphere to the game.

  At the same time, we combined the New Year activities in the game and launched WeChat topics such as "Year-end Review: Unforgettable Moments of Playing Mahjong" and "Show Hometown Mahjong, Celebrate Hometown New Year" to interact warmly with players. We have also set up special Spring Festival event rewards to convey good wishes to players and attract widespread player participation to share the festive season together.

- ***Mythological images***

  The Group has designed a series of game characters based on traditional myths such as Journey to the West, the Four Auspicious Beasts, and the Big Dipper. As a carrier of cultural communication, it enriches the cultural connotation of the game and preserves and disseminates traditional culture to the younger generation in an interactive form, allowing players to experience the wisdom and beliefs of the ancients in entertainment and activate their imagination.

6. Maintaining a Stable Supply Chain

6.1 Supply Chain Management

The Group's major suppliers mainly include but not limited payment vendors, cloud service providers, internet data center providers, and online and offline advertising providers. The Group strives to maintain its supply chain, with an aim of achieving long-term, stable, solid and reliable online and offline cooperation. The Group has put in place a comprehensive supply chain management system to properly manage the procurement process and ensure compliance, in order to protect the interests of the Group and its suppliers.

When screening new suppliers for initial cooperation, we focus on reviewing the candidate suppliers' professional qualifications, contract performance capabilities, service experience, etc. We also pay attention to the candidate suppliers' compliance, business ethics, brand image and other aspects for comprehensive evaluation. For the existing suppliers of the Group, we conduct semi-annual supplier assessments on their pricing, quality, after-sales services and other factors. If any suppliers are found to have failed to meet our standards, we will include them in the "Supplier Watch List", requiring them to take remedial actions. We will determine whether to continue cooperation with such suppliers depending on the remedial results. If any fraudulence is found, we will immediately terminate cooperation with the violating supplier and put it on the blacklist.

The Group fully recognizes the importance of managing environmental and social risks of suppliers for the stable operation of the Group's supply chain. To ensure that our suppliers comply with our values and requirements, we have developed a series of supply chain management systems, such as the "Code of Conduct for Suppliers", which clearly sets out our expectations for our suppliers:

Compliance Awareness	Qualification Compliance	• Ensure that the services they provide are within the scope of business approved in their business license.
	Anti-corruption and Anti-bribery	• Comply with the anti-corruption and anti-bribery laws and regulations and international conventions of the countries and regions where we do business and operate, uphold the standards of honesty and integrity, and prohibit any form of bribery, corruption, extortion and embezzlement.
	Anti-money Laundering	• Comply with anti-money laundering laws, regulations and international conventions of the countries and regions where we do business and operate, strictly comply with the relevant regulations on anti-money laundering and anti-terrorist financing supervision, and ensure sound internal control on anti-money laundering.
	Anti-monopoly and Fair Competition	• Comply with the anti-monopoly and fair competition laws and regulations of the countries and regions where we do business and operate, and resolutely not engage in price fixing, market or customer division, market segmentation, or bid manipulation with competitors.
Business Ethics	Conflicts of Interest	• Proactively avoid all conflicts of interest and potential situations that could lead to conflicts of interest.
	Business Records	• Comply with the laws and regulations applicable to the countries and regions where we do business and operate regarding its completeness and accuracy, and record and report all business information honestly and accurately.
	Insider Trading	• Comply with the securities laws and regulations applicable to the countries and regions where business and operations are conducted, and never use non-public information obtained from business dealings to conduct stock or other securities transactions.

Intellectual Property Rights, Data Security and Privacy Protection		• Comply with the laws and regulations on intellectual property protection applicable in the countries and regions where we do business and operate, and respect and protect intellectual property. • Have a sense of confidentiality, pay attention to the protection of commercial secrets, strictly keep confidential the confidential information obtained in the cooperation, and shall not use the confidential information obtained in the cooperation for any purpose other than the cooperation. • Comply with the applicable laws and regulations on personal privacy protection in the countries and regions where we do business and operate, respect and protect personal privacy, and take appropriate measures to prevent personal information from being disclosed or used without permission.
Environmental Protection and Sustainable Development	Environmental Protection	• Comply with applicable environmental protection laws and regulations in the countries and regions where the company conducts business and operations, obtain and maintain the environmental permits or other approval documents necessary for its business, and implement corresponding environmental protection measures and disclosure requirements.
	Sustainable Development	• Establish plans to set up and implement a corporate sustainability and corporate social responsibility management system, to set corresponding management objectives and to disclose information regularly.

All suppliers of the Group have signed the "Supplier's Code of Conduct" and are committed to abiding by the requirements under the "Supplier's Code of Conduct". From time to time, the Group conducts audits or inspects suppliers' facilities to confirm their compliance. In case of non-compliance by suppliers, we will require the suppliers to rectify within the designated time. If a supplier repeatedly or seriously violates the "Supplier's Code of Conduct", we have the right to take appropriate actions, including and not limited to termination of contract, termination of cooperation, recovery of damages caused to Homeland Interactive, and reserve the right to further pursue legal liabilities.

6.2 Green Procurement

The Group attaches great importance to green procurement. We prioritize environmentally friendly products and services in our supplier selection process. For example, when purchasing electronic equipment, we give priority to purchasing equipment with energy labels; when choosing services and equipment such as information storage and data processing, give priority to solutions with lower energy consumption and lower ESG risks, etc., and include environmental protection and sustainable development in our "Supplier's Code of Conduct". The Group promotes paperless office and has implemented paperless contract signing in the supply chain, prioritizing the signing of electronic contracts with suppliers. Currently, above 70% of the Group's outsourcing contracts have been signed online. In the future, the Group will continue to prioritize the use of electronic contracts and continue to encourage suppliers to adopt paperless office.

In order to ensure the stability of the Group's supply chain and improve the efficiency of the value chain, we focus on the ESG risk management of suppliers, conduct ESG risk assessments on cooperative suppliers on a regular basis, and review the effectiveness of supplier control measures. During the Reporting Period, we did not identify any high-risk suppliers.

As of 31 December 2024, our supplier distribution was as follows:

Suppliers from Mainland China	Oversea Suppliers
109	28

7. Building a Harmonious Workplace

7.1 Employment Management

We are fully aware that talent is the backbone that drives the Group's steady development and supports its continuous exploration and innovation. We adhere to the people-oriented principle, actively maintain a harmonious, warm and positive working environment, build an open, inclusive and creative corporate culture, and fully protect the legitimate rights and interests of employees. We have developed a sophisticated human resources management mechanism which covers areas like talent attraction, remuneration and performance, career development and benefit system, in order to improve and optimize the employee lifecycle management and care.

The Group strictly complies with relevant laws and regulations, including but not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, the Social Insurance Law of the PRC, the Employment Promotion Law of the PRC, the Labour Dispute Mediation and Arbitration Law of the PRC, the Regulation on Work-Related Injury Insurance, the Special Provisions on Labour Protection of Female Workers, the Regulation on Paid Annual Leave for Employees and the Employment Ordinance.

During the Reporting Period, the Group was not aware of any non-compliance of relevant laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits.

Our human resources management strategy covers the following five aspects:

Talent Attraction	• Introduce recruitment management tools and formulate "Social Recruitment Standardization SOP" and the "Internal/External Recommendation Management System" to ensure accurate matching of positions and talents and improve talent recruitment efficiency through diversified recruitment channels and rigorous interview process; • Accumulate and operate a talent pool, build a corporate talent structure network, and continuously expand the reach of talents; • Conduct campus recruitment, cooperate with high schools to attract and cultivate new generation in the industry to build a sustainable youth talent team.
Remuneration and Performance	• Formulate the remuneration and incentive system based on factors such as the Group's operating conditions, job position, current market salary levels, and personal performance; • Formulate the "Salary and Year-end Award Management System", "Short-term Incentive System" and "Project Bonus (Dividend) Management Measures", use performance evaluation results as the key basis for bonus distribution to create a fair, diverse and competitive salary and bonus system; • Adopt a comprehensive online performance management model to stimulate employees' enthusiasm for work; • Adjust employee salaries according to the "Annual Salary Adjustment Management Measures" to attract and retain talents.
Promotion and Development	• Establish a dual-channel system of professional positions and management positions to provide employees with a clear career development path, helping employees to realize their maximum potential; • Develop a comprehensive job competency model and corresponding job grade evaluation standards, offer four types of jobs including functionality, research and development, art, and product, such that employees can be promoted and developed according to their career development path; • Conduct coaching for the core team to ensure employees understand their career development goals and formulate personalized training programs; • Develop a diversified internal training system to provide front-end and back-end business training, monthly project review, art sharing sessions, AI research, online professional training and other courses etc.

Employee Lifecycle Management	• Improve the entry experience of new employees and provide orientation pack; • Carry out new employee training to help them integrate into the team, , helping employees master necessary skills and complete workplace role transitions; • Conduct interviews with employees during probation to assist their growth; • Deploy human resources business partners to support and care about employees; • Comprehensively manage the entire life cycle of employees' from entry, transfer to resignation, and properly manage employee files and information; • Protect the rights and interests of employers and employees in the event of dismissal and termination of employment, and formulate the "Resignation Management System" to clearly set out the responsibilities and terms of employment of both parties.
Benefits System	• Arrange social insurance and housing provident fund for employees; • Provide annual health checkups and supplementary commercial medical insurance to take care of employees' well-being; • Observe statutory holidays in accordance with national regulations; • Provide benefits such as afternoon tea, medicine box, birthday gift, aging gift, wedding and childbirth gift, internal referral bonus, monthly employee team building, and quarterly themed activities; • Create a good working atmosphere and provide meal subsidies and snacks etc., building a comfortable and high-end work environment.

The Group distributes an "Employee Handbook" to all employees, which lists employee codes of conduct, entry and exit management regulations, salary and benefits, leave and attendance, holiday management and application, administrative office regulations, rewards and penalties, etc., to provide basic guidance for employees' daily work.

The Group is committed to creating a good working atmosphere for its employees. We actively organize staff activities with the aim of enhancing staff motivation, strengthening team cohesion, promoting physical and mental health, spreading the Group's corporate culture and strengthening the sense of belonging among employees. During the Year, the Group continued its festival tradition and carefully prepared festival gifts with cultural characteristics on important traditional festivals such as the Dragon Boat Festival and the Mid-Autumn Festival to convey festival blessings to employees, promote traditional culture, and enhance the company's humanistic care atmosphere.

The Group adheres to the concept of equal employment and upholds the principles of equal opportunity, diversity and anti-discrimination to ensure that employees of different ages, races, genders, nationalities, religions, etc. are given fair opportunities and fair treatment in recruitment, remuneration, training and promotion, and to build a workplace environment where every employee is respected, supported and inspired. In the talent recruitment process, we take into account a candidate's educational background, work experience, personal capabilities, character traits and other factors, rather than his/her nationality, age, race, religion, gender, marital status, pregnancy status, sexual orientation or political orientation, consciously building a diverse team of talent.

Human Resources Overview

As of 31 December 2024, the Group's distribution of employees by gender, age, employee type and geographical region as well as turnover rate are outlined below:

	Number of Employees		Employee Turnover Rate	
	2024	2023	**2024**	2023
Total number of employees	**604**	652	**35.19%**	47.23%
By gender				
Male	**371**	396	**33.90%**	46.29%
Female	**233**	256	**37.22%**	48.74%
By age group				
Aged 21–30	**263**	266	**42.77%**	47.60%
Aged 31–40	**331**	378	**30.18%**	47.33%
Aged 41–50	**10**	8	**11.11%**	34.78%
By employment type				
Senior management	**8**	8	**12.50%**	11.11%
Middle management	**51**	53	**21.15%**	32.43%
General employees	**545**	591	**36.80%**	49.13%
By geographical region				
China Mainland	**596**	640	**35.11%**	47.77%
Hong Kong, China	**8**	12	**40.00%**	0.00%

Note: Turnover rate of employee is calculated based on the number of employees who left office in that category during the Reporting Period divided by the average number of employees in that category during the year (the average of the number of employees in the beginning and the end of the year).

7.2 Occupational Health and Safety

The Group attaches great importance to the health and safety of its employees and provides them with a comfortable working environment that ensures safety and values their physical and mental health. We strictly comply with relevant applicable laws and regulations, including but not limited to the Labour Law of the PRC, the Fire Prevention Law of the PRC, the Safe Production Law of the PRC and the Prevention and Control of Occupational Diseases of the PRC.

To further safeguard the security of office premises, the Group has formulated the "Office Hygiene and Safety Management System", in which the Administration Department coordinates the effort, the heads of each department implement the measures, and all employees participate in its implementation and maintenance of office premises, with specific duties as follows:

Administration Department	• Formulate, implement and inspect safety precautions and environmental management measures in office premises; • Establish an emergency response mechanism to organize employees to avoid danger as soon as possible when natural disasters or accidents occur; • Investigate and handle safety incidents; • Support and maintain a safe, healthy and sustainable working environment in the Group; • Achieve and continuously optimize and improve environmental, health and safety compliance.
Head of Each Department	• Ensure compliance with office hygiene and safety management system by responsible departments; • Maintain a safe, healthy and sustainable working environment in the responsible departments.
All Employees	• Comply with office hygiene and safety management system; • Enhance self-awareness and quality to create a safe and hygienic office environment; • Actively report and stop any unsafe behaviors and events in a timely manner.

The Group implements management around four key aspects: occupational safety, environmental management, health management, and emergency response. We ensure the well-being of its employees in terms of both healthy office and safe office, and maintains the highest standards of occupational health and safety for the Group.

Healthy Office

The Group's office hygiene management ensures that the office environment is clean and tidy, and eliminates adverse environmental factors in the office to ensure employees' health and working comfort. Office hygiene management follows the "6S Standard and Management of Office Environment Hygiene", which provides guidelines for the supervision of the Administration Department, the control of department heads and the self-inspection of all employees.

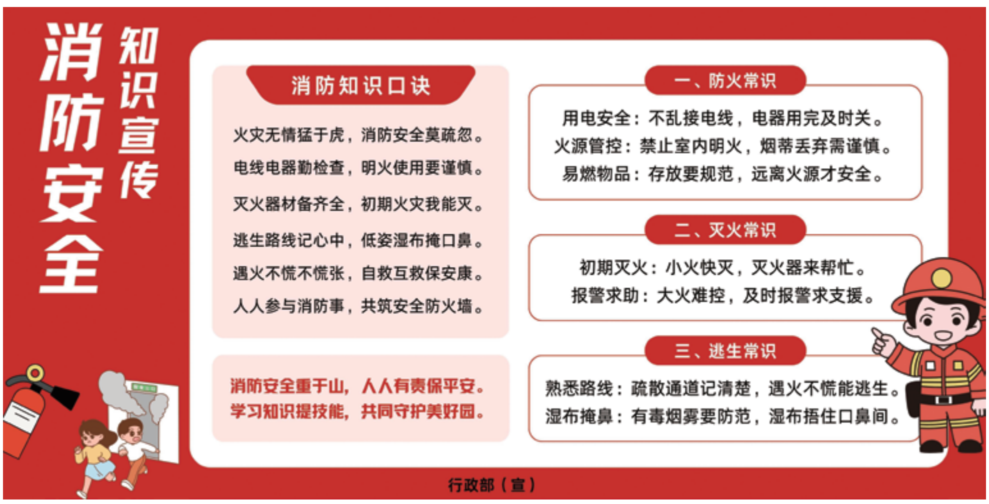
6S Standard of Office Environment Hygiene

Safe Office

Safety management of our office premises is mainly based on the two aspects of theft prevention and safety, formulating corresponding code of conduct. The Administration Department carries out effective inspections for the safety and hygiene of the office environment no less than three times a day and at irregular intervals, actively organizes employees to participate in safety awareness training to enhance the Group's safety awareness, eliminates infringement of the office premises at its roots, and maintains a good office environment and safety mechanism. If the Administration Department's inspection finds non-compliance or substandard behavior, it will impose corresponding penalties.

Anti-theft	Safety
• Important Document Management	• Dangerous Goods Management
• Group Keys and Passwords Management	• Water Management
• Visitor Management	• Electric Appliance Safety Management
• Courier Management	• Fire Safety Management
• Doors and Windows Safety Management	• Fire Service Facility Management
• Valuables Management	• Network Security Management
	• Data Security Management
	• Event Safety Management
	• Traffic Safety Management
	• Violence Risk Management

The Group's office premises are equipped with comprehensive security systems, fire safety systems and network security systems to ensure all-round safety of office premises and employees. At the same time, the Group issued fire safety posters to employees to continuously enhance their awareness of fire emergency response.



Over the past three years, the Group has no record of work injuries or work-related fatalities. The number of lost days due to work injury during the Reporting Period was nil.

7.3 Development and Training

The Group attaches great importance to the development of its employees and fully understands the role and significant impact of talent reserve and comprehensive quality improvement on the future positive development of the enterprise. We have formulated a comprehensive "Training Management Mechanism" to standardize the management of training projects. Through the training mechanism, we will comprehensively improve the comprehensive quality of employees and enhance the overall strength of the enterprise.

The Group's training system is divided into new employee training, professional skills training and general training:

New Employee Training	• When new employees join the Company, we provide targeted induction training. The Human Resources Department formulates the training plan and organizes its implementation. It adopts the form of concentrated lectures and discussions to let new employees understand departmental responsibilities, corporate culture, vacation policies and communication channels, promote new employees to quickly integrate into the work team, cultivate employees' sense of belonging, and improve work efficiency. • The new employee induction training program is carried out once every quarter, and the trainees receive training according to the induction batches.
Professional Skills Training	• Regularly arrange a series of special training courses to enable employees to understand the latest market trends and absorb professional knowledge and skills through front-end and back-end business training, monthly project reviews, art sharing sessions, AI research, online professional training and other courses. • Based on the actual business development and daily work needs of each department, relevant training needs are output. The demand department will discuss with the Human Resources Department to refine the training plan and organize the implementation of the training, which is generally organized in the form of concentrated lectures, meetings, seminars, exchanges, actual exercises, etc. • We also encourage senior employees to become instructors and share their insights, innovations or industry experience with younger employees to promote continuous development of employees.
General Training	• Regularly arrange a series of general trainings to enable employees to understand business knowledge, laws and regulations, human resources and administrative policies. According to the actual situation of the Group or each department, the Human Resources Department will assist in promoting the implementation of training projects to improve the overall quality of employees, expand the knowledge field, publicize, implement the Group's various management systems, policies and work processes, and ensure that employees have a better understanding of the actual situation of policy implementation to facilitate daily work.

During the Reporting Period, we have arranged over 85 hours of training in terms of art design, system development and other dimensions. The ratio of employees of the Group trained and the average training hours by gender and employment type are as follows:

	Percentage of Employees Trained (%)		Average Training Hours (hours/employees)	
	2024	2023	**2024**	2023
By gender				
Male	**61.42%**	74.77%	**3.10**	1.51
Female	**38.58%**	25.23%	**2.70**	1.32
By employment type				
Senior management	**1.32%**	4.70%	**1.09**	1.01
Middle management	**8.44%**	8.40%	**2.34**	1.23
General employees	**90.23%**	86.90%	**3.47**	2.00

Notes:

- Percentage of employees trained is calculated based on the number of employees trained in a category during the Reporting Period divided by the total number of employees of that category, which reflects the ratio of employees trained by gender and employment type.

- Average training hours is calculated based on the total training hours of a category during the Reporting Period divided by the total number of employees of that category, which reflects the actual investment of the Group in training during the Reporting Period.

The Group provides adequate career development opportunities for its employees to enhance their confidence and retain talent. The Group's positions cover the four major categories of functional, research and development, art and product. The Group provides detailed and comprehensive career paths and numerous opportunities so that employees can choose a path that is more suitable for their development based on their personal interests and expertise. We conduct monthly, semi-annual and annual performance appraisals to comprehensively assess the performance of our employees, and use the results of performance appraisals as the key basis for bonus distribution and job adjustments.

7.4 Labour Standards

The Group strictly complies with applicable laws and regulations, including but not limited to the Law on the Protection of Minors of the PRC, Regulations on the Prohibition of Child Labour, the Labour Law of the PRC, the Labour Contract Law of the PRC and the Employment Ordinance, clearly forbidding child labour and strictly prohibiting forced labour.

During the recruitment process, our Human Resources Department verifies the identity documents of candidates to ensure that their ages meet legal requirements. If any uses of child labour are spotted within the Group, we will take immediate action to remove relevant individuals from the workplace, terminate the labour relationship, review our labour practices to identify any loopholes, and take effective remedial actions to prevent reoccurrence.

We sign labour contracts with our employees in accordance with the law. We also state the terms of the position, remuneration package, employment date and other relevant information in the employment letter to ensure that employees have equal access to legal rights such as labor remuneration, rest and vacation, workplace health and safety, social insurance and welfare. The Group strictly complies with the relevant requirements on statutory working hours and statutory holidays. The Group stipulates the working hours of its employees in accordance with the laws, respects the wishes of its employees and makes reasonable arrangements for their work, so as to ensure that its employees are given sufficient rest time while avoiding the occurrence of forced labour.

During the Reporting Period, the Group was not aware of any cases of child labour or forced labour.

8. Promoting Green Development

As a digital entertainment platform that develops and distributes games through mobile applications and websites, the business nature and operations of the Group do not have a significant negative impact on the environment. We maintain close attention to the global environmental situation and the impact of climate change, actively fulfill our corporate social responsibility, integrate sustainable development into our business and operations, and contribute to the country's dual carbon goals.

The Group attaches great importance to emissions and the use of resources and energy, and strictly comply with applicable environmental laws and regulations, including but not limited to the Environmental Protection Law of the PRC, the Law on the Prevention and Control of Atmospheric Pollution, the Law on the Prevention and Control of Water Pollution, the Law on the Prevention and Control of Solid Waste Pollution, and the Regulations on the Administration of Hazardous Waste Transfers. We strive to introduce environmental protection measures in our operations.

Throughout the Reporting Period, we were not aware of any significant non-compliance of applicable environmental laws and regulations.

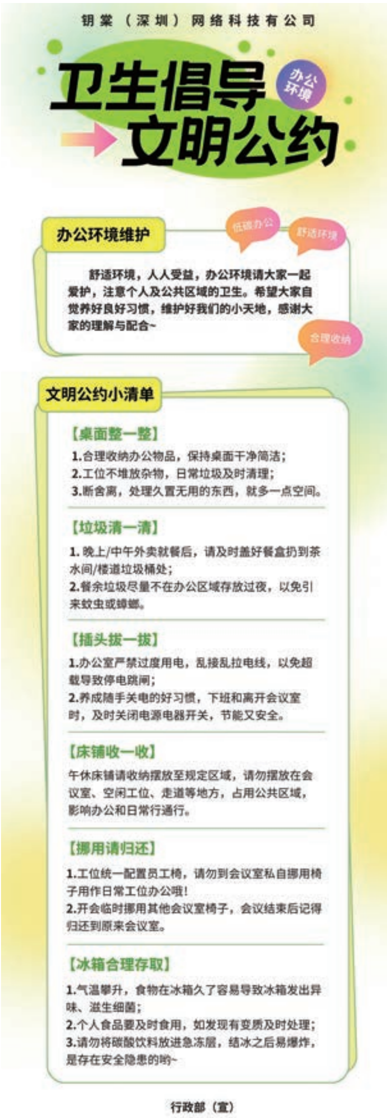
8.1 Environmental Protection Targets

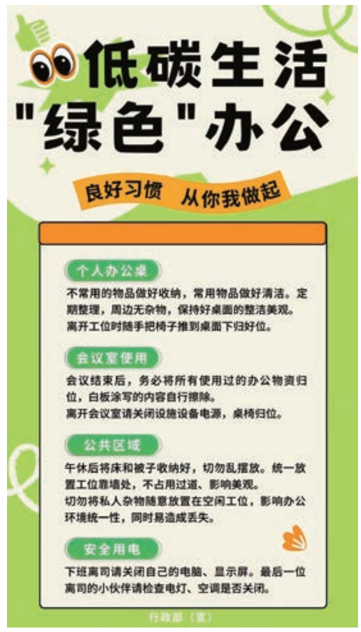
The Group has set the following environmental protection targets, and has made good progress during the Reporting Period. In future years, the Group will continue to reduce its emissions, energy consumptions and resources consumptions, pay attention to new environmental protection technology and actively consider their practice and application within the Group.

	Our Green Targets	The Group's Progress in 2024
GHG Emissions	To reduce our greenhouse gas emissions by improving energy efficiency and incorporating energy-saving measures.	In progress
Waste Management	To practice the concept of circular economy and strive to reduce the impact of waste on the environment by applying the 3R principles of "reuse, recycle, reduce".	In progress
Energy Consumption	To reduce our energy consumption by implementing energy conservation measures.	In progress
Water Consumption	To improve water efficiency by implementing water conservation measures.	In progress

8.2 Office Environmental Protection Requirements

The Group attaches great importance to office environment management. The Administration Department conducts weekly office environment inspections in offices. The inspections cover the use of office electrical appliances, waste disposal, water resource usage, etc. While providing employees with a good and comfortable office environment, the Group prevents waste of resources and energy, encourages employees to develop a good awareness of environmental protection, and cultivates good personal hygiene habits. We distribute office environmental hygiene and civilized conventions through the Group's office system, calling on employees to start from the management of personal workstations, electrical appliances, personal belongings, etc., implement "low-carbon life, green office", and jointly participate in maintaining the office environment. At the same time, we pay attention to office hygiene by posting posters of epidemic prevention and summer hygiene and health posters to guide our employees to care for their health.





8.3 Air, GHG Emissions and Energy Management

The Group's air and GHG emissions are primarily from fuel consumption of vehicles and purchased electricity. Our energy consumption mainly derives from gasoline consumption for vehicles and purchased electricity. To reduce our carbon footprint and our impact on the environment, we have deployed the following initiatives to improve energy efficiency:

Employee Travel	• When traveling on business trips, employees are urged to carpool or take public transport wherever possible; • Use telephone conferences or online video conferences as much as possible to reduce business travel; • Encourage employees to travel in a low-carbon manner and take public transportation to and from get off work.
Office Management	• Set timers on lighting systems, air conditioning systems, printing equipment, etc., turn on energy-saving mode, and use zone switches to improve energy efficiency; • Set temperature for air conditioning systems to reduce unnecessary refrigerant consumption; • Give priority to purchasing energy-saving electronic equipment with energy efficiency labels; • Turn off equipment after get off work to avoid unnecessary power consumption; • The Administration Department conducts weekly office environment inspections, monitors and reports on the shutdown of air conditioners, lighting, and employee computers.

8.4 Waste Reduction

The non-hazardous waste generated by the Group mainly derives from office waste and domestic waste generated during daily operation. The Group has engaged qualified third parties to collect and handle such waste in an appropriate manner. We have also introduced the following initiatives to minimize the negative environmental impact of waste:

Office Management	• Promote the principles of "reuse, recycle, reduce" in offices to enhance employees' awareness in minimizing waste; • Advocate paperless office by using electronic means of communication and data storage, reduce paper usage, improve work efficiency and effectively reduce carbon emissions; • Adopt double-sided printing and reusing paper when possible; • Engage qualified third parties to recycle electronic waste; • Encourage employees to reduce the use of disposable tableware and bring their own reusable cups, lunch boxes, etc. as much as possible; • Set up recycling stations to collect waste paper, express boxes, plastic bottles and other recyclables, promote garbage sorting, and promote the recycling of recyclables.

Due to its business nature, the Group did not generate material hazardous waste emissions or consume packaging materials.

8.5 Water Conservation

Water consumed by the Group is supplied by local municipal water suppliers. We did not encounter any problem in water sourcing. Although water consumption during the operation of the Group is relatively low, we are still aware of the scarcity of water resources in today's society and are committed to preserve water resources. We have introduced the following initiatives to raise our water consumption efficiency:

Office Management	• Install taps with automatic sensors to avoid waste of water; • Post notices and signages next to taps to encourage employees to preserve water.

8.6 Environment and Natural Resources

As an enterprise that mainly operates card and board games, the Group's business mainly operates in the office and does not impose a significant impact on the environment. Taking into account the current situation of society and the urgency of environmental protection, the Group is committed to monitor its own emissions and resource consumption, actively seek and implement appropriate environmental protection measures, and keep abreast of the latest trends and strategies related to the environment, getting ready to implement such policies anytime. Relevant environmental protection training will be arranged from time to time to enhance our employees' awareness of environmental protection.

Environmental Performance Data

	Unit	2024	2023
Air Emissions			
Nitrogen Oxides (NO_x)	Kg	**2.63**	2.84
Sulphur Oxides (SO_x)	Kg	**2.37**	2.08
Particulate Matter (PM)	Kg	**0.22**	0.21
GHG Emissions			
Total GHG Emissions	Tonnes CO_2e	**172.72**	173.51
Scope 1 Direct Emissions	Tonnes CO_2e	**15.42**	12.39
Scope 2 Indirect Emissions	Tonnes CO_2e	**157.30**	161.12
Scope 1 Direct Emissions Intensity	Tonnes CO_2e/employee	**0.03**	0.02
Scope 2 Indirect Emissions Intensity	Tonnes CO_2e/employee	**0.26**	0.25
Waste			
Total Non-hazardous Waste	Tonnes	**59.13**	55.77
Total Non-hazardous Waste Intensity	Tonnes/employee	**0.10**	0.09
Use of Resources			
Total Energy Consumption	MWh	**383.62**	382.21
Energy Consumption Intensity	MWh/employee	**0.64**	0.56
Purchased Electricity	MWh	**330.12**	332.92
Gasoline	MWh	**53.50**	49.29
Total Water Consumption	Tonnes	**1,850.01**	2,051.16
Total Water Consumption Intensity	Tonnes/employee	**3.06**	3.15

Note:

- Emission and resource consumption intensity adopt number of employees as their units.

8.7 Responding to Climate Change

Climate change has become a pressing issue globally, with rising sea levels, increased temperatures, and more frequent extreme weather events.

The Group is dedicated to understanding climate-related risks and formulating responses to climate change issues, identifying and monitoring key climate risks and implementing appropriate response measures while rigorously managing our environmental performance. During the Reporting Period, we have conducted an ESG risk assessment to identify potential climate risks that could threaten our business. The analysis results will be applied to climate change response strategies to enhance our resilience to climate change. We will continue to optimize climate risk management assessments and measures to reduce the impact on our business.

Key Climate-related Risk and Actions

Risk Type	Impact Length	Impact on the Group	Measures
Physical Risks			
Immediate risks	Short term	Natural disasters such as typhoons, floods, and droughts, or extreme weather events that cause power outages and water outages can disrupt daily operations and threaten employee and office safety.	• The Group keeps an eye on relevant weather warnings issued by the Meteorological Administration and asks its staff to evacuate in time in case of natural disasters and extreme weather; • Formulate business continuity plans to guide the implementation of disaster recovery procedures; • Inspect the office environment, check the wind, water, electricity and other safety conditions, and eliminate hidden dangers in a timely manner; • Educate staff on heatstroke prevention and asks property management staff to cool down in case of high temperatures in summer.
Chronic risks	Long term	The impact of chronic changes, such as melting glaciers and rising sea levels, caused by global warming on the future working environment.	• Pay attention to global warming and urging offices to inspect and renew their equipment and improve the working environment of employees.

Risk Type	Impact Length	Impact on the Group	Measures
Transitional Risks			
Policy and legal risks	Short term	Gradual implementation of policies related to energy saving and emission reduction, stricter emission reporting liabilities and compliance requirements.	• Strengthen communication with regulatory departments and institutions, promptly understand and strictly comply with changes in relevant regulatory laws and regulations, and ensure compliance of products and services; • Continue to pay attention to the country's laws and regulations on climate change and institutional dynamics; • Continue to promote energy-saving and consumption-reduction measures to reduce greenhouse gas emissions
Technological risks	Mid term	Increased demand for green transformation of products and services.	• Encourage technological innovations, pay close attention to new market trends, emergence of new products and technologies and attract a wide range of talents.
Market risks	Long term	Change in market preference results in lower market competitiveness of the products of the Group; resources such as electricity, fuel and water fluctuate with the impact of climate change.	• Track the market environment in real time, explore green procurement and use green technology to manufacture green product. Increase the ratio of green products year by year and provide more low-carbon services and products; • Give priority to the use of energy-saving equipment and reduce unnecessary energy consumption.

Risk Type	Impact Length	Impact on the Group	Measures
Reputation risks	Long term	Customers or the community are paying more and more attention to users' corporate social responsibility, environmental performance and climate change response.	• Pay attention to the disclosure requirements related to sustainable development and climate change, and optimize the external communication channels of corporate social responsibility on the basis of ensuring compliance; • Actively fulfill corporate social responsibility and further enhance brand image; • Actively carry out climate risk identification work and proactively disclose measures and results to address climate change

9. Building a Better Society Together

9.1 Multi-channel Popularization and Ecosystem Building of National Mind sports

During the Reporting Period, the Group explored the integrated development path of "offline space + online marketing" based on matches, and comprehensively upgraded the national mind sports promotion system with national quintessence culture as the core. In order to realize the vision of universal participation, the Group became the online promotion partner of the Mahjong International League (China region) during the Reporting Period, and provided various support for the holding of national-level mind sports events such as the "The 2nd China Mahjong Open (CMO)"and the "Global Mahjong Champions League 2024 China Finals". At the same time, the Group has hosted a number of self-branded events through its subsidiaries, such as the "巔峰2V2城市榮耀戰" and the "水木冠 軍杯", and gradually established a year-round, multi-level event system to promote the continuous development of mind sports in the direction of competition and popularization.

In the creation of offline cultural spaces, the Group continues to advance the planning, layout and systematic operation of multi-functional arenas. By 2024, there were 13 "Shuimu Mind Sports Arena" (水木智娛競技館) flagship stores in core cities in North China, East China, South China, Northeast China, Southwest China, and Northwest China, becoming an important venue for offline professional mind sports events. They also provide a cultural venue for healthy communication for the vast number of intellectual competition enthusiasts, and further bring into play the cultural benefit function of mind sports.

In terms of online communication, the Group's matrix of new media accounts, including the "麻將研究院", "微樂鬥地主研究院", and "微樂摜蛋大師賽", have become an important platform for the online promotion of intellectual competition projects. Relying on the above-mentioned accounts, the Group continues to live broadcast related competitions of various types of events such as competitive mahjong, Fight the landlord, and Guandan on multiple platforms such as Douyin and video account. The broadcasting frequency was stable throughout the year, and the popularity of mind sports continued to rise, with more than 30,000 people watching the whole matrix online at the same time every night, and a total daily exposure of more than 20 million, which further enhanced the popularity and influence of the cultural programme of national participation.

9.2 Unification of Localized Competition Standards and Rank Progression System Development

As a keen participant in local board game tournaments across the country, the Group continues to promote the standardisation of local mind sports tournaments across the country. During the Reporting Period, the Group contributed to the establishment of more than 10 local mahjong tournament rules (including Changchun Mahjong, Shenyang Mahjong, Hongzhong Mahjong, Pushover and Mahjong, Shanghai Mahjong, Nanjing Mahjong, Wenzhou Mahjong, Changsha Mahjong, etc.) through the use of Internet data from the Group's own platform. The above rules were approved by the Mahjong International League (MIL) Rules Committee during the Reporting Period and were officially released to the public for trial use in standardised tournaments throughout the country. This laid the institutional foundation for mind sports and provided a feasible path for its subsequent promotion and replication across the country.

The Group is also actively optimizing the online examination platform for intellectual sports. Our long-term operating products, such as "微樂家鄉麻將", "微樂四川麻將", and "微樂鬥地主", have all been connected to the online mahjong and card grading entrances. Mind sports enthusiasts can sign up to participate through the platform and obtain professional technical level certificates issued by international authoritative mind sports organizations such as the Mahjong International League (MIL) and the Federation of Card Games (FCG). As of 31 December 2024, more than 3 million people have participated in mahjong grading and more than 1.5 million people have participated in card grading. The access to the platform provides convenient and standardized grading services for most users, and promotes the establishment of a standardized evaluation system covering skill certification, competitive grading, and project professionalization.

9.3 Charitable Donations

While creating high-quality services and a good experience for players, the Group has always regarded giving back to society and promoting sustainable development as an important mission, and has fulfilled its social responsibilities through practical actions. When major disasters occur, we respond positively by actively participating in charitable donations, and have made donations to disaster-stricken areas and people in the affected areas on many occasions. In 2021, the Group specifically concern about the situation brought by disasters since the flooding in Zhengzhou and donated RMB5,000,000 to Henan Province, and in 2022, to help combat spread of pandemic in Jilin, the Group donated RMB10,000,000 to Jinan Province. In 2023, the Group assisted the people of Hebei and Jilin in flood relief efforts and donated a total of RMB7,000,000 to the Hebei Charity Federation, the Jilin Red Cross Society and the Changchun Red Cross Society.

In 2024, the Group donated materials to the Fujian Aihe Life Care Charity Association (福建省愛和生命關懷公益協會) to continue promoting the development of charity undertakings.

HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Subject areas, aspects		Descriptions	Relevant sections
A. Environmental			
Aspect A1:Emissions			
General Disclosure	A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non- hazardous waste.	Promoting Green Development
KPIs	A1.1	The types of emissions and respective emission data.	Air, GHG Emissions and Energy Management
	A1.2	Direct and energy indirect greenhouse gas emissions and intensity.	Air, GHG Emissions and Energy Management
	A1.3	Total hazardous waste produced and intensity.	Waste Reduction
	A1.4	Total non-hazardous waste produced and intensity.	Waste Reduction
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Protection Targets
	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.	Waste Reduction

Subject areas, aspects		Descriptions	Relevant sections
Aspect A2: Use of Resources			
General Disclosure	A2	Policies on the efficient use of resources, including energy, water and other raw materials.	Promoting Green Development
KPIs	A2.1	Direct and/or indirect energy consumption by type and intensity.	Air, GHG Emissions and Energy Management
	A2.2	Water consumption in total and intensity.	Water Conservation
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection Targets
	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 Conservation
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Waste Reduction
Aspect A3: Environment and Natural Resources			
General Disclosure	A3	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The business of the Group does not pose material impact on the 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.	
Aspect A4: Climate Change			
General Disclosure	A4	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Responding to Climate Change
KPIs	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Responding to Climate Change

Subject areas, aspects		Descriptions	Relevant sections
B. Social			
Aspect B1: Employment			
General Disclosure	B1	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, antidiscrimination, 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.	Human Resource Overview
	B1.2	Employee turnover rate by gender, age group and geographical region.	Human Resource Overview
Aspect B2: Health and Safety			
General Disclosure	B2	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.	Occupational 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.	Occupational Health and Safety
	B2.2	Lost days due to work injury.	Occupational Health and Safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety
Aspect B3: Development and Training			
General Disclosure	B3	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.	Development and Training
	B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

Subject areas, aspects		Descriptions	Relevant sections
Aspect B4: Labour Standards			
General Disclosure	B4	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
Aspect B5: Supply Chain Management			
General Disclosure	B5	Policies on managing environmental and social risks of the supply chain.	Maintaining a Stable Supply Chain
KPIs	B5.1	Number of suppliers by geographical region.	Maintaining a Stable Supply Chain
	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.	Maintaining a Stable Supply Chain
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Maintaining a Stable Supply Chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Maintaining a Stable Supply Chain
Aspect B6: Product Responsibility			
General Disclosure	B6	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

Subject areas, aspects		Descriptions	Relevant sections
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.	Complaint Handling
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Protection
	B6.4	Description of quality assurance process and recall procedures.	Fulfilling Product Responsibility
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Information Security Protection
Aspect B7: Anti-Corruption			
General Disclosure	B7	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 and Promoting Integrity
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 and Promoting Integrity
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption and Promoting Integrity
	B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption and Promoting Integrity
Aspect B8: Community Investment			
General Disclosure	B8	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.	Building a Better Society Together
KPIs	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Building a Better Society Together
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Building a Better Society Together

Deloitte. 德勤

TO THE SHAREHOLDERS OF HOMELAND INTERACTIVE TECHNOLOGY LTD.
(Incorporated in Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Homeland Interactive Technology Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 136 to 218 which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory 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 IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**") 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 Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition	
We identified the revenue recognition as a key audit matter due to the fact that the revenue from self-developed mobile games is significant to Group's consolidated financial statements and the management of the Group made a significant estimate on the calculation of unit value of unutilized virtual tokens at the year end, which has a significant impact to the revenue recognized during the year. During the year ended 31 December 2024, the Group recognized revenue from virtual tokens on their self-developed mobile games, total amounting RMB1,212,269,000, which represented approximately 88% of total revenue of the Group, as set out in Note 5 to the consolidated financial statements.	Our procedures in relation to revenue recognition included: • Assessing the appropriateness of the methodologies adopted by the management of the Group to determine the unit value of unutilized virtual tokens and deferred revenue at the year end through understanding the operating model of self-developed mobile games and challenging management's basis and judgement. • Involving our information technology ("**IT**") specialists to assess the accuracy and completeness on the quantity of virtual tokens, purchased by customers, given out for free, utilized during the year and unutilized at the year end from operation platform, through: (i) testing the general IT controls and automated controls of the operation platforms related to the self-developed mobile games; and (ii) performing recalculation on the quantity of the unutilized virtual tokens at the year end by using transaction data from the operation platforms, such as purchase and consumption quantity, and reconciled to the unutilized quantity in the operation platforms to verify the accuracy.

Key audit matter	How our audit addressed the key audit matter
As stated in Note 4 to the consolidated financial statements, the Group recognizes revenue based on the consumption of virtual tokens in self-developed mobile games, which is estimated with the reference to the quantity of the unutilized tokens at the year end and the estimation on how much the unutilized virtual tokens worth. The estimated unit value of the unutilized virtual tokens was calculated, on a periodic basis, based on the quantity and value of virtual tokens sold, as well as the quantity of virtual tokens given out for free during the year. The determination of the estimated unit value of unutilized virtual tokens was based on the Group's best estimate that has taken into account all known and relevant information at the time of assessments. When the management of the Group prepared the revenue recognition calculation, they relied on the transaction data, in particular the sales and consumption data, from the operation platforms.	• Examining purchase records made by the customers on the virtual tokens during the year, comparing to the supporting documents such as payment records on the third-party payment platform and statements from payment vendors, to verify whether the amount of virtual tokens purchased by customers during the year is accurate. • Checking the arithmetic accuracy of calculation made by the management of the Group on the unit value of unutilized virtual tokens and deferred revenue adjustments made to the revenue.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the 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.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of 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 judgment 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 audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with those charged with governance, 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.

The engagement partner on the audit resulting in this independent auditor's report is Sy, Sunnie.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	*5*	**1,386,080**	1,779,667
Cost of sales	*6*	**(756,494)**	(622,212)
Gross profit		**629,586**	1,157,455
Other income	*7*	**40,473**	63,295
Other gains and losses	*8*	**63,591**	(5,683)
Foreign exchange gains, net		**6,144**	6,507
Selling and marketing expenses		**(446,652)**	(340,592)
Administrative and other expenses		**(286,218)**	(387,896)
Impairment losses under expected credit loss model	*9*	**(67,288)**	(3,465)
Share of results of associates	*18*	**(25,061)**	12,680
Share of results of joint ventures	*19*	**(5,065)**	(188)
Interest on lease liabilities		**(1,052)**	(1,016)
(Loss) profit before income tax		**(91,542)**	501,097
Income tax credit (expense)	*10*	**15,321**	(60,627)
(Loss) profit for the year	*11*	**(76,221)**	440,470
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Fair value loss on equity instruments at fair value through other comprehensive income ("**FVTOCI**"), net of income tax		**1,748**	(5,808)
Other comprehensive income (expense) for the year, net of income tax		**1,748**	(5,808)
Total comprehensive (expense) income for the year		**(74,473)**	434,662
(Loss) profit for the year attributable to:			
Owners of the Company		**(74,174)**	436,936
Non-controlling interests		**(2,047)**	3,534
		(76,221)	440,470
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(72,426)**	431,128
Non-controlling interests		**(2,047)**	3,534
		(74,473)	434,662
(Loss) earnings per share (in RMB cents)	*14*		
— Basic		**(5.94)**	34.70
— Diluted		**(5.94)**	34.55

Consolidated Statement of Financial Position

As at 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	15	**64,813**	66,627
Intangible assets	16	**33,807**	1,635
Right-of-use assets	17	**20,512**	19,938
Investments in associates	18	**54,920**	56,186
Investments in joint ventures	19	**39,575**	24,640
Financial assets at fair value through profit or loss ("**FVTPL**")	26	**31,243**	31,532
Loan to employees	20	**1,160**	4,755
Rental and other deposits		**8,413**	4,640
Equity instruments at FVTOCI	21	**33,439**	1,499
Deferred tax assets	22	**65,933**	36,959
Receivables for disposal of subsidiaries	23	**5,500**	48,062
Receivables for disposal of associates	24	**—**	89,610
Loan receivables	28	**44,000**	13,414
		403,315	399,497
Current assets			
Trade receivables	25	**94,413**	150,527
Financial assets at FVTPL	26	**393,726**	97,418
Prepayments and other receivables	27	**162,903**	173,975
Receivables for disposal of subsidiaries	23	**11,350**	—
Receivables for disposal of associates	24	**106,989**	—
Loan receivables	28	**104,403**	91,581
Loan to employees	20	**19,979**	33,000
Restricted bank deposits	29	**50,000**	—
Short-term bank deposits	29	**65,000**	—
Cash and cash equivalents	29	**755,032**	1,340,918
		1,763,795	1,887,419
Current liabilities			
Other payables	30	**55,114**	74,393
Lease liabilities	31	**8,365**	8,352
Deferred revenue	32	**147,105**	72,965
Tax payable		**18,900**	29,654
Dividend payable		**4,800**	4,800
		234,284	190,164
Net current assets		**1,529,511**	1,697,255
Total assets less current liabilities		**1,932,826**	2,096,752

	NOTES	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Lease liabilities	*31*	**12,888**	12,402
Deferred tax liabilities	*22*	**3,786**	200
		16,674	12,602
Net assets		**1,916,152**	2,084,150
Capital and reserves			
Share capital	*33*	**42**	42
Reserves		**1,882,018**	2,083,261
Equity attributable to owners of the Company		**1,882,060**	2,083,303
Non-controlling interests		**34,092**	847
Total equity		**1,916,152**	2,084,150

The consolidated financial statements on pages 136 to 218 were approved by the Board of Directors on 28 March 2025 and were signed on its behalf:

WU Chengze
DIRECTOR

SU Bo
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital RMB'000	Shares held for Share Award Scheme RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Other reserve RMB'000 *(note i)*	Share-based payments reserve RMB'000	FVTOCI reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2023	42	(30,421)	31,210	15,027	19,718	25,469	(7,785)	1,741,159	1,794,419	(406)	1,794,013
Profit for the year	–	–	–	–	–	–	–	436,936	436,936	3,534	440,470
Other comprehensive expense for the year	–	–	–	–	–	–	(5,808)	–	(5,808)	–	(5,808)
Total comprehensive (expense) income for the year	–	–	–	–	–	–	(5,808)	436,936	431,128	3,534	434,662
Recognition of share-based payment expenses under the incremental fair value under the Compensation Grant *(defined in Note 37 (b))*	–	–	–	–	–	564	–	–	564	–	564
Recognition of share-based payment expenses under the 2021 Share Award Scheme *(defined in Note 37(c))*	–	–	–	–	–	102	–	–	102	–	102
Recognition of share-based payment expenses under the 2023 Share Award Scheme *(defined in Note 37(d))*	–	–	–	–	–	61,791	–	–	61,791	–	61,791
Vesting of award shares under the Compensation Grant, the 2021 Share Award Scheme and the 2023 Share Award Scheme	–	62,229	8,953	–	–	(71,182)	–	–	–	–	–
Share-based payment expenses related to the share awards forfeited after the original vesting date	–	–	–	–	–	(2,866)	–	2,866	–	–	–
Repurchase of shares *(Note ii)*	–	(41,359)	–	–	–	–	–	–	(41,359)	–	(41,359)
Dividend recognized as distribution *(Note 12)*	–	–	–	–	–	–	–	(162,823)	(162,823)	–	(162,823)
Disposal of partial equity interest in a subsidiary *(Note 39)*	–	–	–	–	(519)	–	–	–	(519)	2,519	2,000
Dividends to non-controlling interest	–	–	–	–	–	–	–	–	–	(4,800)	(4,800)
As at 31 December 2023	**42**	**(9,551)**	**40,163**	**15,027**	**19,199**	**13,878**	**(13,593)**	**2,018,138**	**2,083,303**	**847**	**2,084,150**
As at 1 January 2024	**42**	**(9,551)**	**40,163**	**15,027**	**19,199**	**13,878**	**(13,593)**	**2,018,138**	**2,083,303**	**847**	**2,084,150**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(74,174)**	**(74,174)**	**(2,047)**	**(76,221)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**1,748**	**–**	**1,748**	**–**	**1,748**
Total comprehensive income (expense) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**1,748**	**(74,174)**	**(72,426)**	**(2,047)**	**(74,473)**
Recognition of share-based payment expenses under the incremental fair value under the Compensation Grant *(defined in Note 37 (b))*	**–**	**–**	**–**	**–**	**–**	**143**	**–**	**–**	**143**	**–**	**143**
Recognition of share-based payment expenses under the 2021 Share Award Scheme *(defined in Note 37(c))*	**–**	**–**	**–**	**–**	**–**	**45**	**–**	**–**	**45**	**–**	**45**
Recognition of share-based payment expenses under the 2024 Share Award Scheme *(defined in Note 37(e))*	**–**	**–**	**–**	**–**	**–**	**24,896**	**–**	**–**	**24,896**	**–**	**24,896**
Vesting of award shares under the Compensation Grant, the 2021 Share Award Scheme and the 2024 Share Award Scheme	**–**	**31,493**	**6,142**	**–**	**–**	**(37,635)**	**–**	**–**	**–**	**–**	**–**
Share-based payment expenses related to the share awards forfeited after the original vesting date	**–**	**–**	**–**	**–**	**–**	**(1,327)**	**–**	**1,327**	**–**	**–**	**–**
Repurchase of shares *(Note iii)*	**–**	**(35,828)**	**–**	**–**	**–**	**–**	**–**	**–**	**(35,828)**	**–**	**(35,828)**
Donation from shareholders *(Note ii)*	**–**	**(80,437)**	**–**	**–**	**80,437**	**–**	**–**	**–**	**–**	**–**	**–**
Dividend recognized as distribution *(Note 12)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(118,073)**	**(118,073)**	**–**	**(118,073)**
Non-controlling interests arise from acquisition of a subsidiary *(Note 18(iii))*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**35,292**	**35,292**
As at 31 December 2024	**42**	**(94,323)**	**46,305**	**15,027**	**99,636**	**–**	**(11,845)**	**1,827,218**	**1,882,060**	**34,092**	**1,916,152**

Note i: The other reserve represents (i) the difference between the consideration paid and share of the subsidiary's net assets acquired from the non-controlling interests in prior years and (ii) the effect of group reorganization on 24 September 2018, pursuant to which Xiamen Kexin Network Technology Company Limited ("**Homeland PRC**"), Jiaxiang Interactive (Xiamen) Network Technology Company Limited ("**Jiaxiang Interactive**") and Jilin Yutai Network Technology Company Limited ("**Jilin Yutai**", which is controlled by Mr. Wu Chengze ("**Mr. Wu**")) entered into a series of contractual arrangements which enable the Group to have control over the assets, liabilities and operating profits from Jiaxiang Interactive and its subsidiaries.

Note ii: During the year ended 31 December 2024, the Company received 45,966,885 share donation from their shareholders, who transferred their shares to Futu Securities International (Hong Kong) Limited which is an account designated for the Share Award Scheme of the Group. These shares are included under "Shares held for Share Award Scheme" at their fair value of RMB80,437,000 determined based on the quoted price of the Company's shares at the date of transfer with the corresponding credit to other reserve as shareholders' contributions.

Note iii: During the year ended 31 December 2024, the Company repurchased 20,340,000 (2023: 23,354,000) of shares with total consideration of RMB35,828,000 (HK$38,916,000) (2023: RMB41,359,000 (HK$45,293,400)) on the open market at a price of HK$1.340 to HK$2.684 (2023: HK$1.473 to HK$2.309) through Futu Securities International (Hong Kong) Limited ("**Futu Securities**"), which was appointed as an independent trustee for the share award schemes of the Company, as treasury shares for the purpose of future share award schemes. Details are as follows:

Month of repurchase	No of ordinary shares	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$'000
January	2,974,000	2.684	2.197	7,439
April	1,352,000	2.248	1.966	2,962
June	838,000	1.915	1.877	1,581
July	374,000	1.451	1.390	522
December	14,802,000	1.800	1.340	26,412
Total	20,340,000			38,916

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Operating activities			
(Loss) profit for the year		**(76,221)**	440,470
Adjustments for:			
Income tax (credit) expense		**(15,321)**	60,627
Depreciation of property, plant and equipment		**17,282**	12,088
Amortization of intangible assets		**19,696**	512
Depreciation of right-of-use assets		**9,843**	10,897
Impairment losses under expected credit loss model		**67,288**	3,465
Interest income		**(26,291)**	(37,862)
(Gain) loss from changes in fair value of financial assets at FVTPL		**(22,835)**	845
Loss on disposal of property, plant and equipment		**844**	181
Gain on early termination of a lease		**(442)**	(1,337)
Share-based payment expenses	*37*	**25,084**	62,457
Interest on lease liabilities		**1,052**	1,016
Share of results of associates		**25,061**	(12,680)
Share of results of joint ventures		**5,065**	188
Staff cost due to loans to employees		**101**	513
Foreign exchange gains, net		**(568)**	(2,902)
Gain on early repayment of long-term receivables for disposal of			
(i) subsidiaries		**(1,782)**	(5,490)
(ii) associates		**—**	(4,488)
Gain on assets disposal transaction		**(8,632)**	—
Gain on early repayment of loans to employees		**—**	(809)
Gain on remeasurement of previously held interest in an associate	*18(ii)*	**(2,266)**	—
Gain on disposal of subsidiaries		**(10,628)**	—
(Gain) loss on disposal of investments in associates		**(17,462)**	16,781
Operating cash flows before movements in working capital		**(11,132)**	544,472
Decrease in trade receivables		**66,468**	42,422
Decrease (increase) in other deposits, prepayments and other receivables		**7,319**	(4,280)
Decrease in other payables		**(36,721)**	(4,490)
Increase (decrease) in deferred revenue		**74,140**	(54,092)
Cash from operating activities		**100,074**	524,032
Income tax paid		**(29,008)**	(83,370)
Net cash from operating activities		**71,066**	440,662

	NOTES	2024 RMB'000	2023 RMB'000
Investing activities			
Purchase of property, plant and equipment		**(17,590)**	(27,841)
Purchase of intangible assets		**(9,791)**	(1,070)
Acquisition of investments in associates		**(49,705)**	(39,200)
Acquisition of investments in joint ventures		**(20,000)**	–
Investment in financial assets at FVTPL		**(626,239)**	(38,552)
Purchases of equity instruments at FVTOCI		**(17,500)**	(1,499)
Dividends received from associates		**–**	44,400
Proceeds from disposal of fair value of financial assets at FVTPL		**353,055**	–
Proceeds from disposal of property, plant and equipment		**20**	1,803
Net cash outflow on disposal of subsidiaries		**(127)**	–
Net cash inflow on acquisition of a subsidiary	*18(ii)*	**27,960**	–
Early repayment on receivables for disposal of subsidiary		**42,203**	59,400
Early repayment on receivables for disposal of associates		**–**	35,100
Interest received		**16,669**	28,072
Placement of short-term bank deposits		**(65,000)**	–
Placement of restricted bank deposits		**(50,000)**	–
Loans provided to employees		**(1,450)**	(35,000)
Loan repayments from employees		**18,200**	15,500
Loans provided		**(95,296)**	(15,674)
Loans to associates		**–**	(80,000)
Loans repaid		**1,858**	–
(Payments) repayments for rental deposits		**(316)**	2,361
Net cash used in investing activities		**(493,049)**	(52,200)
Financing activities			
Repayments for lease liabilities		**(9,518)**	(10,564)
Interest paid on lease liabilities		**(1,052)**	(1,016)
Dividends paid		**(118,073)**	(162,823)
Payments on repurchase of shares		**(35,828)**	(41,359)
Proceeds from disposal of partial equity interest of a subsidiary		**–**	2,000
Net cash used in financing activities		**(164,471)**	(213,762)
Net (decrease) increase in cash and cash equivalents		**(586,454)**	174,700
Cash and cash equivalents at the beginning of the year		**1,340,918**	1,163,316
Effect of foreign exchange rate changes		**568**	2,902
Cash and cash equivalents at the end of the year	*29*	**755,032**	1,340,918

1. GENERAL INFORMATION

Homeland Interactive Technology Ltd. (the "**Company**") is an exempted company with limited liability incorporated in Cayman Islands on 7 May 2018. The registered office of the Company is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Grand Cayman Islands. The address of principal place of business of the Company is 17/F, Qianhai Shimao Financial Center II, No. 3040, Xinghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the People's Republic of China (the "**PRC**"). The Company is controlled by Mr. Wu Chengze ("**Mr. Wu**") (the "**Controlling Shareholder**").

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") are primarily engaged in the development, publication and operation of mobile games in the PRC.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 4 July 2019 (the "**Listing Date**").

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements". This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7 "Financial Instruments: Disclosures". Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

Pursuant to applicable PRC laws and regulations, foreign investors are prohibited from holding equity interest in an entity conducting online games business and are restricted to conduct value-added telecommunications services. Homeland PRC, a subsidiary of the Company, Jiaxiang Interactive and Jilin Yutai entered into a series of contractual arrangements ("**2018 Contractual Arrangements**"), which are dated 24 September 2018 and effective date is from 24 September 2018. Yutai (Shenzhen) Network Technology Co., Ltd ("**Yutai Shenzhen**"), a subsidiary of the Company, Shenzhen Homeland Future Network Technology Co., Ltd ("**Homeland Future**") and Jilin Yutai, which holds 100% interest in Homeland Future, entered into another series of contractual arrangements (together with the 2018 Contractual Arrangements, collectively referred to as the "**Contractual Arrangements**"), which are dated 22 March 2024 and effective date is from 22 March 2024. Both of the Contractual Arrangements enable Homeland PRC, Yutai Shenzhen and the Group to:

- exercise effective financial and operational control over Jiaxiang Interactive and Homeland Future;

- exercise owners' voting rights of Jiaxiang Interactive and Homeland Future;

- receive substantially all of the economic interest returns generated by Jiaxiang Interactive and Homeland Future in consideration for the business support, technical and consulting services provided by Homeland PRC and Homeland Future;

- obtain an irrevocable and exclusive right to purchase all or part of equity interests in Jiaxiang Interactive and Homeland Future from Jilin Yutai at a minimum purchase price permitted under PRC laws and regulations, and all or part of the assets of Jiaxiang Interactive and Homeland Future at the net book value of such assets or such minimum purchase price permitted under PRC laws and regulations. Homeland PRC and Yutai Shenzhen may exercise such options at any time until it has acquired all equity interests and/or all assets of Jiaxiang Interactive and Homeland Future; and

- obtain a pledge over the entire equity interest of Jiaxiang Interactive and Homeland Future from Jilin Yutai as collateral security for all of Jiaxiang Interactive and Homeland Future's payments due to Homeland PRC and Yutai Shenzhen and to secure performance of Jiaxiang Interactive and Homeland Future's obligations under the Contractual Arrangements.

The Group does not have any equity interest in Jiaxiang Interactive and Homeland Future. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with Jiaxiang Interactive and Homeland Future and has the ability to affect those returns through its power over Jiaxiang Interactive and Homeland Future and is considered to control Jiaxiang Interactive and Homeland Future. Consequently, the Company regards Jiaxiang Interactive and Homeland Future as an indirect subsidiary for accounting purpose.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Business combinations (Continued)

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "**Conceptual Framework**") except for transactions and events within the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or IFRIC-Int 21 "Levies", in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16 "**Leases**") as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Investments in associates and joint ventures

An associate is an entity over which the Group has 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 joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Investments in associates and joint ventures (Continued)

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group. Where the unrealized profit or loss exceeds the carrying amount of the investments in the associate or joint venture, the Group eliminates the profit or loss only to the extent of the carrying amounts of the investments in the associate or joint venture and would not recognize further share of profit or loss from the relevant associate or joint venture until they make sufficient profit or loss to cover the amount of the unrealized gain not eliminated.

Revenue from contracts with customers

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

Principal versus agent (Continued)

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group generates revenue from self-developed mobile games, third-party mobile games, as well as advertising as described below:

Self-developed mobile games

For self-developed mobile games, the Group's revenue is derived from the sales of virtual tokens. Virtual tokens can be used by the customers to play mobile games of the Group or for purchasing virtual products. Revenue is recognized at a point in time when the customers obtain control of the services, being at the point the customers consume the virtual tokens to play the games. Such income, when first received, is deferred and recorded as deferred revenue under current liabilities until the consumption of those virtual tokens by the customers in the mobile games. The Group determines the consumption with reference to the quantity and value of virtual tokens being unutilized by the customers in the mobile games at the year end. The Group also estimates the players' unexercised right (the "**breakage**") based on historical consumption pattern and revenue for the expected breakage amount is recognized when the likelihood of the player exercising the remaining rights becomes remote. Revenue recognized in respect of operating the games is net of any discounts.

The Group takes primary responsibilities of game operation, including determining distribution channels and payment vendors, providing customer services, hosting game servers, if needed, and controlling games and services specifications and pricing. The Group considered itself as a principal.

Deferred revenue represents the Group's obligation to transfer services to a customer for which the Group has received consideration from the customer. The Group has elected not to adopt the terminology of "contract liability" under IFRS 15 "Revenue from Contracts from Customers", as the standard does not prohibit an entity from using alternative description in the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

Third-party mobile games

The Group provides mobile game publishing service to third-party game development companies. The third-party mobile games are hosted, maintained, operated and updated independently by the relevant game developers and the Group does not have access to the data on the consumption details and the types of virtual tokens or goods in the third-party mobile games and does not have obligation for operation of the game. The Group considered itself as an agent in these arrangements and recognizes its revenue, net of the portion of sharing of revenue with the third-party game developers, at a point in time when the players purchase the virtual tokens of respective games.

Advertising revenue

Advertising revenue is derived principally from online advertising arrangements. The Group inserts certain in-game advertisement slots into its mini-programs and shares the income with those mini-program platform operators. The Group considers itself as an agent in these arrangements and recognizes its revenue, net of the portion of sharing of revenue with mini-program platform operators, at a point in time when the advertisements placed by third-party platforms are displayed in the game interface.

Other income

Service income is recognized over time during the service periods.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings held for use or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Financial instruments

Financial assets and financial liabilities are recognized when the group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Classification and subsequent measurement of financial assets (Continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Classification and subsequent measurement of financial assets (Continued)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets including trade receivables, receivables for disposal of subsidiaries/associates, loans receivables, loans to employees, other receivables, rental and other deposits, and bank balances, which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables. The ECL on these financial assets are estimated individually for debtors based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12m ECL.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

When there is a breach of financial covenants by the counterparty; or information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over five years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information as described above. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and loans receivables included in the other receivables where the corresponding adjustment is recognized through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Treasury shares

The cost of the Company's own equity instruments that it has acquired is deducted from equity. Gain or loss is not recognized on the purchase, sale, issue, or cancellation of treasury shares.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Share-based payments

Equity-settled share-based payment transactions

Shares/Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will be transferred to retained earnings.

When shares granted are vested, the amount previously recognized in share-based payments reserve will be transferred to share premium.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, i.e. state-managed retirement benefit scheme, are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard require or permit the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that has been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

Control over entities under Contractual Arrangements

The Group conducts all of the business through Jiaxiang Interactive, Homeland Future and their subsidiaries (collectively known as the "**PRC Operating Entities**"). The Group does not have any equity interest in the PRC Operating Entities. The directors of the Company assessed whether or not the Group has control over the PRC Operating Entities based on whether the Group has the power over the PRC Operating Entities, has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities. After assessment, the directors of the Company concluded that the Group has control over the PRC Operating Entities as a result of the Contractual Arrangements and other measures and accordingly, the Group has consolidated the financial statements of the PRC Operating Entities in the consolidated financial statements.

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

96% (2023: 100%) of the Group's revenue for the year ended 31 December 2024 and 89% (2023: 79%) of the Group's total assets as at 31 December 2024 came from the PRC Operating Entities.

Key sources of estimation uncertainty

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimation of value of unutilized virtual tokens

As described in Note 3, the Group recognizes revenue based on the consumption of virtual tokens in self-developed mobile games, which is estimated with reference to the quantity of unutilized tokens at the year end and the estimation on how much the unutilized tokens worth.

The estimated unit value of the unutilized tokens was calculated, on a periodic basis, based on the quantity and value of tokens sold, as well as the quantity of tokens given out for free during the year. The determination of the estimated unit value of unutilized virtual tokens was based on the Group's best estimate that has taken into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on a semi-annual basis. Any adjustments as a result of new information will be accounted for prospectively as a change in accounting estimate. When the management of the Group prepared the revenue recognition calculation, they relied on the transaction data, in particular the sales and consumption data, from the operation platforms. During the year ended 31 December 2024, the Group recognized revenue from tokens on their self-developed mobile games, total amounting RMB1,212,269,000 (2023: RMB1,566,458,000).

Provision of ECL for receivables for disposal of subsidiaries and associates and loan receivables

Receivables for disposal of subsidiaries and associates and loan receivables are assessed for ECL individually. Management makes individual assessment on the recoverability of such receivables and estimates the ECL of the receivables by considering the historical credit loss experience of the debtors, guarantee provided by a third-party debtor's controlling party and past experience, which are key source of estimation uncertainty. For significant loans from associates or investees, management also takes into account the profit forecasts of the debtors, which are another key source of estimation uncertainty. The information about the ECL for receivables for disposal of subsidiaries and associates and loan receivables are disclosed in Note 41.

Deferred tax asset

As at 31 December 2024, a deferred tax asset of RMB65,933,000 (2023: RMB36,959,000) in relation to deductible temporary differences and unused tax losses has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the deductible temporary differences and tax losses of RMB158,134,000 (2023: 126,789,000) and RMB12,571,000 (2023: RMB7,570,000) respectively due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents (1) income from sales of virtual tokens on the Group's self-developed mobile games; (2) income from third-party mobile games, and; (3) advertising revenue. The Group's operating activities are attributable to a single operating segment focusing on development and operation of mobile games in the Mainland China as well as other Asian Countries. This operating segment has been identified on the basis of internal management reports, prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC which materially conform with IFRS Accounting Standards, that are regularly reviewed by the chief operating decision maker ("**CODM**"), Ms. Cui Wei ("**Ms. Cui**"), the chief executive officer of the Group, for the purpose of allocating resources and assessing its performance. The CODM reviews the financial results of the Group as a whole for performance assessments. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Revenue from self-developed mobile games and third-party mobile games is recognized at a point in time when the customers obtain control of the services, being at the point the customers consume the virtual tokens in self-developed mobile games and the customers purchase the virtual tokens of respective games.

Advertising revenue is recognized at a point in time when the advertisements placed by third-party platforms are displayed in the game interface.

	2024 **RMB'000**	2023 RMB'000
Revenue from:		
— Self-developed mobile games	**1,212,269**	1,566,458
— Third-party mobile games	**140,153**	145,209
	1,352,422	1,711,667
Advertising revenue	**33,658**	68,000
	1,386,080	1,779,667

Revenue by geographical markets

	Revenue from external customers		**No-current assets** *(note)*	
	2024 **RMB'000**	2023 RMB'000	**2024** **RMB'000**	2023 RMB'000
China mainland	**1,329,281**	1,779,667	**194,957**	150,545
Other Asian countries (excluding Mainland China)	**56,799**	—	**18,670**	18,481
	1,386,080	1,779,667	**213,627**	169,026

Note: non-current assets excluded deferred tax assets and financial instruments.

The Group has a large number of customers, and no revenue from any individual customer exceeded 10% or more of the Group's revenue for both years.

6. COST OF SALES

Cost of sales is analyzed as follows:

	2024 **RMB'000**	2023 RMB'000
Employee benefit expenses	**48,672**	50,584
Commissions and fees charged by distribution channels and payment vendors	**465,233**	523,357
Co-operation commissions charged by new media institution	**123,382**	—
Server-related and technical support fees	**37,958**	45,992
Commissions charged by game operators	**36,557**	—
Depreciation and amortization	**21,853**	1,838
Revenue sharing with game developers	**17,756**	—
Others	**5,083**	441
	756,494	622,212

7. OTHER INCOME

	2024 **RMB'000**	2023 RMB'000
Service income *(note i)*	**6,680**	6,030
Interest income on:		
— bank deposits	**16,669**	28,072
— loans to employees	**235**	552
— receivables for disposal of:		
(i) subsidiaries *(Note 23(i))*	**2,008**	5,388
(ii) associates *(Note 18(i))*	**7,379**	3,850
Government subsidies *(note ii)*	**6,065**	15,822
Sundry income	**1,437**	3,581
Total	**40,473**	63,295

Notes:

(i) Service income mainly represents the amounts received from contracted clients for providing game development and technical support services and is recognized over time when the related services are performed.

(ii) Government subsidies mainly represent various industry-specific subsidies granted by the government authorities to subsidize the research and development costs already incurred by the Group during the course of its business, as well as government incentives to reward the Group's effort for technological innovation and support to the local economy with no future related costs to be incurred. There are no unfulfilled conditions relating to such government subsidies recognized.

8. OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Gain (loss) on disposal of investments in associates *(Note i)*	**17,462**	(16,781)
Gain (loss) from changes in fair value of financial assets at FVTPL	**22,835**	(845)
Gain on disposal of subsidiaries *(Note ii)*	**10,628**	—
Gain on remeasurement of previously held interest in an associate *(Note 18(ii))*	**2,266**	—
Gain on assets disposal transaction *(Note iii)*	**8,632**	—
Gain on early repayment of long-term receivables for disposal of:		
(i) subsidiaries *(Note 23(i))*	**1,782**	5,490
(ii) associates *(Note 18(i))*	**—**	4,488
Gain on early termination of right-of-use assets	**442**	1,337
Gain on early repayment of loans to employees	**—**	809
Loss on disposal of property, plant and equipment	**(844)**	(181)
Others	**388**	—
	63,591	(5,683)

Notes:

(i) Details on the gain (loss) on disposal of investments in associates are set out in Note 18(ii), (iii) and (vi) (2023: Note 18(i)).

(ii) During the year, the Group disposed of certain subsidiaries to independent third parties, for a total consideration of RMB12,000,000. These subsidiaries had an aggregated net assets of RMB1,372,000 at the disposal date, and the disposal resulted a gain on disposal of amounted to RMB10,628,000. According to the payment term, RMB6,500,000 will be repayable within one year from the transaction date and RMB5,500,000 will be repayable after one year and not later than two years from the transaction date.

(iii) Details on the gain on assets disposal transaction are set out in Note 36(g).

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

	2024 RMB'000	2023 RMB'000
Impairment losses recognized on:		
— loans receivables	**(57,614)**	(3,465)
— other receivables	**(4,874)**	—
— receivables for disposal of subsidiaries	**(4,800)**	—
	(67,288)	(3,465)

Details of impairment assessment are set out in Note 41.

10. INCOME TAX (CREDIT) EXPENSE

The income tax (credit) expense of the Group is analyzed as follows:

	2024 **RMB'000**	2023 RMB'000
PRC Corporate Income Tax ("**CIT**")		
Current year	**21,447**	64,671
(Over) under provision in prior years	**(3,600)**	4,492
	17,847	69,163
Deferred tax		
Current year *(Note 22)*	**(33,168)**	(8,536)
	(15,321)	60,627

The Company and a subsidiary incorporated in the BVI is not subject to income tax in the Cayman Islands or the BVI.

No provision for Hong Kong Profits Tax has been made since the entity operating in Hong Kong had no assessable profits for the both years.

PRC CIT

The income tax provision of the subsidiaries operating in the PRC (other than those stated below) has been calculated at the tax rate of 25% on the taxable income for the reporting period, based on the existing legislation, interpretations and practices in respect thereof.

Jiaxiang Interactive was qualified as "High and New Technology Enterprises" ("**HNTE**") under the Corporate Income Tax Law ("**CIT Law**") since 2021 with a valid period of three years and such qualification has been renewed in 2024 with a valid period of three years. As a result, Jiaxiang Interactive is entitled to a preferential income tax rate at 15% for both years.

For the year ended 31 December 2022, Yaotang (Xiamen) Network Technology Co., Ltd ("**Yaotang Xiamen**") qualified as a "Double Soft Enterprise" ("**DSE**") under the CIT Law. According to relevant tax regulations, Yaotang Xiamen is exempted from CIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years if the criteria of DSE are met each year, commencing from 2022, the first profitable year. Therefore, Yaotang Xiamen was entitled for a 50% reduction in the applicable tax rates for the year ended 31 December 2024 and was exempted from CIT for the year ended 31 December 2023.

For the year ended 31 December 2023, Yaotang (Shenzhen) Network Technology Co., Ltd ("**Yaotang Shenzhen**") and Jilin Haiqi Network Technology Co., Ltd ("**Jilin Haiqi**") qualified as a DSE under the CIT Law. According to relevant tax regulations, Yaotang ("**Shenzhen**") and Jilin Haiqi are exempted from CIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years if the criteria of DSE are met each year, commencing from 2023, the first profitable year. Therefore, Yaotang Shenzhen and Jiin Haiqi were exempted from CIT for both years.

10. INCOME TAX EXPENSE (Continued)

PRC CIT (Continued)

According to policy promulgated by the State Tax Bureau of the PRC and effective from the year 2018 onwards, enterprises engage in research and development activities are entitled to claim 175% of the research and development expenses incurred in a year as tax deductible expenses in determining the taxable income for that year ("**Super Deduction**"). The State Tax Bureau of the PRC adjusted the Super Deduction to 200% of the research and development expenses incurred in a year and the new policy was effective on 1 January 2023. Jiaxiang Interactive and Jilin Xinze have claimed such Super Deduction in ascertaining its tax assessable profits for both years.

The income tax (credit) expense for the year can be reconciled to the (loss) profit before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 **RMB'000**	2023 RMB'000
(Loss) profit before income tax	**(91,542)**	501,097
Tax at income tax rate of 25%	**(22,886)**	125,274
Tax effect of tax losses not recognized	**2,147**	—
Utilization of tax losses previously not recognized	**(47)**	(1,221)
Tax effect of expenses not deductible for tax purpose	**6,696**	15,419
Tax effect of share of results of associates and joint ventures	**7,532**	(3,123)
Tax effect of temporary differences not recognized	**7,836**	31,697
Effect of Super Deduction	**(26,556)**	(12,381)
Effect of preferential tax rate	**13,557**	(99,530)
(Over) under provision in prior years	**(3,600)**	4,492
Income tax (credit) expense	**(15,321)**	60,627

11. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging:

	2024 RMB'000	2023 RMB'000
Depreciation of right-of-use assets	**9,843**	10,897
Depreciation of property, plant and equipment	**17,282**	12,088
Amortization of intangible assets (included in cost of sales and administrative and other expenses)	**19,696**	512
Research and development expenses (included in administrative and other expenses) *(Note)*	**73,035**	108,736
Auditors' remuneration	**3,313**	3,941
— Audit service	**2,683**	3,080
— Other service	**630**	861
Directors' emoluments *(Note 13)*	**7,374**	57,993
Other staff costs:		
Salaries and other benefits	**157,102**	203,009
Contributions to retirement benefit scheme	**5,344**	8,460
Share-based payment expenses	**22,298**	9,398
Total staff costs	**192,118**	278,860

Note: The amount included staff costs amounting to RMB53,700,000 (2023: RMB94,408,000), which are included in the total staff costs disclosed above.

12. DIVIDENDS

During the current year, a final dividend of HK$0.10 (equivalent to RMB0.09) per share in respect of the year ended 31 December 2023 was declared by the Board on 28 March 2024 and approved by the shareholders in the general meeting. The aggregate amount of the final dividend declared in the interim period was amounted to HK$128,340,350 (equivalent to RMB118,073,122) and was paid on 11 July 2024.

During year ended 31 December 2023, a final dividend of HK$0.14 (equivalent to RMB0.13) per share in respect of the year ended 31 December 2022 was declared by the Board on 30 March 2024 and approved by the shareholders in the general meeting. The aggregate amount of the final dividend declared and paid in the interim period amounted to HK$179,676,490 (equivalent to RMB162,823,000).

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

(a) Executive directors' and chief executive's emoluments

The remuneration of each executive director and chief executive for the year ended 31 December 2024 is set out as follows:

Name	Fees RMB'000	Salaries and other benefits in kind RMB'000	Bonus RMB'000	Contributions to retirement benefit scheme RMB'000	Share-based payment expenses RMB'000	Total RMB'000
Executive directors:						
Mr. Wu *(note i)*	–	1,091	5	34	–	1,130
Mr. Tang Yinghao ("**Mr. Tang**") *(note ii)*	–	1,269	–	16	–	1,285
Mr. Ding Chunlong ("**Mr. Ding**") *(note iii)*	–	1,216	20	23	1,393	2,652
Mr. Su *(note v)*	–	1,169	–	47	1,393	2,609
Chief executive:						
Ms. Cui *(note i)*	–	1,215	–	51	2,186	3,452
Total	–	5,960	25	171	4,972	11,128

The remuneration of each executive director and chief executive for the year ended 31 December 2023 is set out as follows:

Name	Fees RMB'000	Salaries and other benefits in kind RMB'000	Bonus RMB'000	Contributions to retirement benefit scheme RMB'000	Share-based payment expenses RMB'000	Total RMB'000
Executive directors:						
Mr. Wu *(note i)*	–	1,731	–	20	–	1,751
Mr. Tang Yinghao ("**Mr. Tang**") *(note ii)*	–	1,498	–	–	142	1,640
Mr. Ding Chunlong ("**Mr. Ding**")	–	–	–	–	51,511	51,511
Mr. Jiang *(note iii)*	–	120	–	6	–	126
Mr. Su *(note iv)*	–	648	–	18	–	666
Mr. Guo shunshun ("**Mr. Guo**") *(note v)*	–	383	–	10	1,406	1,799
Chief executive:						
Ms. Cui Wei ("**Ms. Cui**") *(note i)*	–	1,201	–	17	1,624	2,842
Total	–	5,581	–	71	54,683	60,335

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Executive directors' and chief executive's emoluments (Continued)

Notes:

(i) On 5 September 2023, the chief executive officer of the Group was changed from Mr. Wu to Ms. Cui.

(ii) Mr. Tang resigned as an executive director on 6 June 2024.

(iii) Mr. Jiang resigned as an executive director during the year ended 31 December 2023.

(vi) Mr. Su resigned as an executive director during the year ended 31 December 2023 and was re-appointed as an executive director during the current year.

(v) Mr. Guo resigned as an executive director during the year ended 31 December 2023.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

(b) Independent non-executive directors' emoluments

The remuneration of each independent non-executive director for the year ended 31 December 2024 is set out as follows:

Name of director	Fees RMB'000	Salaries and other benefits in kind RMB'000	Contributions to retirement benefit scheme RMB'000	Total RMB'000
Independent non-executive directors:				
Mr. Hu Yangyang	200	–	–	200
Mr. Zhang Yuguo	150	–	–	150
Ms. Guo Ying	150	–	–	150
Total	500	–	–	500

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Independent non-executive directors' emoluments (Continued)

The remuneration of each independent non-executive director for the year ended 31 December 2023 is set out as follows:

Name of director	Fees RMB'000	Salaries and other benefits in kind RMB'000	Contributions to retirement benefit scheme RMB'000	Total RMB'000
Independent non-executive directors:				
Mr. Hu Yangyang	200	—	—	200
Mr. Zhang Yuguo	150	—	—	150
Ms. Guo Ying	150	—	—	150
Total	500	—	—	500

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(c) Five highest paid individuals

The five highest paid employees of the Group during the year included four (2023: two) directors and chief executive, details of whose remuneration are set out in Note 13(a) above. Details of the remuneration for the year of the remaining one (2023: three) highest paid employee who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	**224**	787
Bonus	**—**	—
Contributions to retirement benefit scheme	**11**	33
Share-based payment expenses	**16,731**	4,260
Total	**16,966**	5,080

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands (presented in HK$) is as follows:

	2024 No. of employees	2023 No. of employees
Non-directors:		
HK$1,500,001 to HK$2,000,000	**—**	3
HK$15,000,001 to HK$20,000,000	**1**	—
Total	**1**	3

No emoluments have been paid by the Group to the directors and chief executive of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of them has waived or agreed to waive any emoluments for both years.

14. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share from operations attributable to owners of the Company is based on the following data:

	2024 RMB'000	2023 RMB'000
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share:		
— (Loss) profit for the year attributable to owners of the Company	**(74,174)**	436,936

	Number of shares 2024	 2023
Number of shares		
Weighted average number of ordinary shares in issue less shares held for future share award scheme for the purpose of basic (loss) earnings per share	**1,248,910,176**	1,259,235,182
Effect of dilutive potential ordinary shares in respect of		
— The Compensation Grant	**–**	5,323,128
— The 2021 Share Award Scheme	**–**	140,479
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**1,248,910,176**	1,264,698,789

The computation of diluted loss per share does not consider the Company's outstanding share awards since taking them into account would result in a decrease in loss per share for the year ended 31 December 2024.

15. PROPERTY, PLANT AND EQUIPMENT

	Owned properties RMB'000	Furniture and equipment RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Total RMB'000
Cost					
As at 1 January 2023	39,528	18,502	3,406	12,281	73,717
Additions	–	11,299	12,323	4,219	27,841
Disposal	–	(665)	(3,422)	–	(4,087)
As at 31 December 2023	**39,528**	**29,136**	**12,307**	**16,500**	**97,471**
Additions	**2,275**	**4,902**	**6,958**	**3,455**	**17,590**
Additions on acquisition of a subsidiary *(Note 18(ii))*	**–**	**9**	**–**	**–**	**9**
Decrease on disposal of subsidiaries	**–**	**(435)**	**(442)**	**(2,671)**	**(3,548)**
Disposal to associate	**–**	**(3,140)**	**–**	**–**	**(3,140)**
Disposal	**–**	**(525)**	**(2,849)**	**(1,195)**	**(4,569)**
As at 31 December 2024	**41,803**	**29,947**	**15,974**	**16,089**	**103,813**
Depreciation					
As at 1 January 2023	6,544	6,994	2,667	4,654	20,859
Provided for the year	1,853	5,868	1,151	3,216	12,088
Disposal	–	(296)	(1,807)	–	(2,103)
As at 31 December 2023	**8,397**	**12,566**	**2,011**	**7,870**	**30,844**
Provided for the year	**1,986**	**8,820**	**3,257**	**3,219**	**17,282**
Decrease on disposal of subsidiaries	**–**	**(435)**	**(53)**	**(2,670)**	**(3,158)**
Disposal to associate	**–**	**(2,270)**	**–**	**–**	**(2,270)**
Disposal	**–**	**(458)**	**(2,045)**	**(1,195)**	**(3,698)**
As at 31 December 2024	**10,383**	**18,223**	**3,170**	**7,224**	**39,000**
Carrying values					
As at 31 December 2023	31,131	16,570	10,296	8,630	66,627
As at 31 December 2024	**31,420**	**11,724**	**12,804**	**8,865**	**64,813**

The estimated residual value rates and useful lives of each class of property, plant and equipment held by the Group are as follows:

Classes	Estimated residual value rates	Useful lives
Owned properties	5%	20 years
Furniture and equipment	0%–5%	3–5 years
Motor vehicles	5%	4–10 years
Leasehold improvement	0%	Over the shorter of the term of the lease and 5 years

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying amount of owned properties situated in the PRC includes both the leasehold land and buildings elements, as in the opinion of the directors of the Company, allocation of the carrying amount between the leasehold land and buildings elements cannot be made reliably.

16. INTANGIBLE ASSETS

	Trademark RMB'000	Computer software RMB'000	Copyright of game software RMB'000	Game publishing right RMB'000	Total RMB'000
Cost					
As at 1 January 2023	1,250	956	7,961	—	10,167
Additions	—	—	1,070	—	1,070
As at 31 December 2023	**1,250**	**956**	**9,031**	**—**	**11,237**
Additions	**—**	**2,450**	**5,302**	**2,039**	**9,791**
Additions on acquisition of a subsidiary	**—**	**—**	**—**	**42,130**	**42,130**
Decrease on disposal of subsidiaries	**—**	**(266)**	**—**	**—**	**(266)**
As at 31 December 2024	**1,250**	**3,140**	**14,333**	**44,169**	**62,892**
Amortization					
As at 1 January 2023	458	733	7,899	—	9,090
Charge for the year	125	120	267	—	512
As at 31 December 2023	**583**	**853**	**8,166**	**—**	**9,602**
Charge for the year	**125**	**1,643**	**1,464**	**16,464**	**19,696**
Decrease on disposal of subsidiaries	**—**	**(213)**	**—**	**—**	**(213)**
As at 31 December 2024	**708**	**2,283**	**9,630**	**16,464**	**29,085**
Carrying values					
As at 31 December 2023	667	103	865	—	1,635
As at 31 December 2024	**542**	**857**	**4,703**	**27,705**	**33,807**

The above intangible assets have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following periods:

Trademark	10 years
Computer software	2–4 years
Copyright of game software	2–3 years
Game publishing right	1.5 year, determined by the shorter
of the publishing period and lifecycle of the games	

17. RIGHT-OF-USE ASSETS

	Office properties RMB'000
As at 31 December 2024	
Carrying amount	**20,512**
As at 31 December 2023	
Carrying amount	19,938

	Year ended 31/12/2024 RMB'000	Year ended 31/12/2023 RMB'000
Depreciation charge	**9,843**	10,897
Total cash outflow for leases	**10,570**	11,580
Additions to right-of-use assets	**16,090**	17,202
Acquisition of a subsidiary	**606**	—
Early termination of a lease	**6,279**	2,352

The above right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

For both years, the Group leases office properties for its operations. Lease contracts are entered into for fixed term of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, lease liabilities of RMB21,253,000 are recognized with related right-of-use assets of RMB20,512,000 as at 31 December 2024 (2023: lease liabilities of RMB20,754,000 and related right-of-use assets of RMB19,938,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. INVESTMENTS IN ASSOCIATES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Cost of investment in associates	**61,100**	70,300
Share of post-acquisition losses and other comprehensive expenses, net of dividends received	**(6,180)**	(14,114)
Total	**54,920**	56,186

Details of the Group's major associates are as follows:

Name of entity	Place of establishment	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2024	2023	**2024**	2023	
Chongqing Huangjiu Media Co., Ltd	China mainland	China mainland	**40%**	–	**40%**	–	Game operation on short video and live streaming platforms
Qingdao Xingkongchangyou Media Co., Ltd	China mainland	China mainland	**22.22%**	–	**22.22%**	–	Game operation on short video and live streaming platforms
Foshan Chouwa Visual Culture Co., Ltd	China mainland	China mainland	**20%**	–	**20%**	–	Game operation on short video and live streaming platforms
Guangzhou Yueyang Technology Co., Ltd	China mainland	China mainland	**40%**	40%	**40%**	40%	Game operation
Shenzhen Jinyunshan Technology Co., Ltd	China mainland	China mainland	**49%**	49%	**49%**	49%	Research and development of online games
Hefei Xinyue Media Co., Ltd	China mainland	China mainland	**20%**	–	**20%**	–	Game operation on short video and live streaming platforms
Jilin Xinyue *(note i)*	China mainland	China mainland	**–**	–	**–**	–	Development and operation of card and board games
Jilin Anrui *(note i)*	China mainland	China mainland	**–**	–	**–**	–	Research and development of online games
Shenzhen Yaozuo Technology Co., Ltd ("**Shenzhen Yaozuo**") *(note ii)*	China mainland	China mainland	**40%**	15%	**90%**	15%	Operation of online games
Chengdu Cangmo Information Technology Co., Ltd ("**Chengdu Cangmo**") *(note iii)*	China mainland	China mainland	**N/A**	40%	**N/A**	40%	Research and development of online games
Chengdu Weiying Interactive Culture Media Co., Ltd ("**Chengdu Weiying**") *(note iv)*	China mainland	China mainland	**N/A**	45%	**N/A**	45%	Game operation on short video and live streaming platforms
Shenzhen Yueyang Technology Co., Ltd ("**Shenzhen Yueyang**")	China mainland	China mainland	**40%**	–	**40%**	–	Research and development of online games
Sanying (Chongqing) Technology Co., Ltd	China mainland	China mainland	**30%**	–	**30%**	–	Research and development of online games

18. INVESTMENTS IN ASSOCIATES (Continued)

Notes:

(i) On 30 June 2023, the Group disposed all its interest in Jilin Xinyue and Jilin Anrui to entities controlled by Mr. Luo Wei, an independent third party, for consideration of RMB99,900,000 and RMB35,100,000 respectively. The total consideration amounted to RMB135,000,000 (the "**Original Consideration**") will be settled on 31 May 2025. The fair value of the total consideration is determined by discounting the consideration of RMB116,372,000 using the discount rate of 8.05% per annum. This transaction has resulted in the Group recognizing a loss of RMB16,781,000 in profit or loss, calculated as follows:

	RMB'000
The fair value of the total consideration	116,372
Less: carrying amount of the 40% investment on the date of disposal of significant influence of Jilin Xinyue and Jilin Anrui	(88,493)
Less: adjust to the supplemental agreement *(Note)*	(44,660)
Loss recognized in profit or loss	(16,781)

Note: On 31 August 2023, the Group signed a supplemental agreement with the entities controlled by Mr. Luo Wei to cancel a declared interim dividend total amounting RMB44,660,000 in connection to profit of Julin Xinyue and Jilin Anrui for the period from 1 January 2023 to 30 June 2023. As a result of this supplement agreement, the dividend receivable was considered as part of the cost of the disposal.

During the year ended 31 December 2023, the Group received early settlements to the deferred consideration amounted to RMB35,100,000 (2024: Nil), which resulted a gain on early repayment of RMB4,488,000 (2024: Nil) in other gains and losses. As at 31 December 2023, the receivables for disposal of associates was RMB89,610,000 and presented under non-current assets on the consolidated statement of financial position.

During the year ended 31 December 2024, an interest income of RMB7,379,000 (2023: RMB3,850,000) was recognized in other income. The deferred consideration amounted to RMB96,989,000, which was included in the receivables for disposal of associates as at 31 December 2024, and will be repayable on 31 May 2025.

(ii) On 25 April 2024, the Group acquired an additional 25% equity interest in Shenzhen Yaozuo ,with a total consideration of RMB14,705,000, and Shenzhen Yaozuo continued to be an associate to the Group. On 1 June 2024, the Group signed Concerted Actions Agreement with another shareholder of Shenzhen Yaozuo who holds 50% of its equity interests, in which he agreed to act under the direction of the Group and in concert with the Group in all of the decisions about the relevant activities such as operation plan and profit distribution plan. As a result, on 1 June 2024, the Group gained control over Shenzhen Yaozuo and it became a subsidiary of the Group. Shenzhen Yaozuo is principally engaged in the online game operation and was acquired with the objective of expanding the Group's relevant business.

The fair value of the net identifiable assets of Shenzhen Yaozuo at the acquisition date, amounting RMB58,820,000, was determined according to the valuation report issued by independent valuer.

18. INVESTMENTS IN ASSOCIATES (Continued)

Notes: (Continued)

(ii) (Continued)

Assets acquired and liabilities recognized at the date of acquisition

	01/06/2024 RMB'000
Property, plant and equipment *(Note 15)*	9
Intangible assets *(Note 16)*	42,130
Investments in associates	200
Right-of-use assets	606
Deferred tax assets	28
Trade receivables	10,354
Prepayments and other receivables	5,006
Cash and cash equivalents	27,960
Other payables	(20,196)
Tax payable	(434)
Lease liabilities	(647)
Deferred tax liabilities	(6,196)
Net assets acquired	58,820
Goodwill arising on acquisition:	
Fair value of consideration of 40% equity interest in Shenzhen Yaozuo	23,528
Non-controlling interests *(Note)*	35,292
Less: fair value of net identifiable assets acquired	(58,820)
Goodwill arising on acquisition	—

Note: The non-controlling interests in Shenzhen Yaozuo recognized at the acquisition date was measured by reference to the proportionate share of recognized amounts of net identifiable assets of Shenzhen Yaozuo which was amounting to RMB35,292,000.

Fair value of equity interest previously held in Shenzhen Yaozuo as at acquisition date

As at acquisition date, the fair value of previously equity interest in Shenzhen Yaozuo held as interest in an associate was RMB23,528,000, while the book value of previously equity interest in Shenzhen Yaozuo held as interest in an associate was RMB21,262,000, the difference of RMB2,266,000 had been recognised as a gain on remeasurement of previously held interest in an associate becoming a subsidiary and included in the other gains and losses.

The net cash inflow from the acquisition of Shenzhen Yaozuo, representing the cash and cash equivalents balances acquired, amounted to RMB27,960,000.

(iii) During the year ended 31 December 2022 and 2023, the Group subscribed for 40% of equity interest of Chengdu Cangmo at a consideration of RMB18,000,000 among which RMB8,600,000 was paid in aggregate which represents 19.12% of the equity interest and RMB9,400,000 remained unpaid which represent 20.88% of the equity interest. On 3 June 2024, the Group disposed of the 20.88% of equity interest in Chengdu Cangmo to an independent third-party at a nil consideration. After the disposal, as the Group ceased to have significant influence over Chengdu Cangmo, the investment became equity instruments at FVTOCI and the remaining 19.12% of equity interest was remeasured at fair value on the disposal date. The difference between the fair value of 19.12% equity interest, amounting to RMB7,110,000, and carrying amount of investment in Chengdu Cangmo as at the disposal date, which amounted to RMB2,462,000, was recognized in the profit or loss as gain on disposal of investments in associates.

18. INVESTMENTS IN ASSOCIATES (Continued)

Notes: (Continued)

(iv) On 31 December 2024, the Group disposed 30% of its interest in Chengdu Weiying to the major shareholder of Chengdu Weiying for a consideration of RMB10,000,000 which will be repayable within one year from the transaction date. After the disposal, as the Group ceased to have significant influence over Chengdu Weiying, the investment became equity instruments at FVTOCI of the Group and was remeasured at fair value as at the disposal date. The difference between the total of the consideration of 30% equity interest and the fair value of 15% equity interest, amounting to RMB5,000,000, and the carrying amount of Chengdu Weiying, amounting to RMB15,000,000, was recognized in the profit or loss as gain on disposal of investments in associates.

There were no investments in associates that are individually material. Aggregate information of the associates that are not individually material:

	2024 RMB'000	2023 RMB'000
The Group's share of (loss) profit and total comprehensive (expense) income	**(25,061)**	12,680
Aggregate carrying amount of the Group's interests in these associates	**54,920**	56,186

19. INVESTMENTS IN JOINT VENTURES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Cost of investment in joint ventures	**44,828**	24,828
Share of post-acquisition losses and other comprehensive expense	**(5,253)**	(188)
Total	**39,575**	24,640

Details of each of the Group's joint ventures are as follows:

Name of entity	**Place of establishment**	**Principal place of business**	**Proportion of ownership interest held by the Group**		**Proportion of voting rights held held by the Group**		**Principal activity**
			2024	2023	**2024**	2023	
Beijing Zijingshu Technology Co., Ltd ("**Beijing Zijingshu**") *(note i)*	China mainland	China mainland	**29.79%**	29.79%	**29.79%**	29.79%	Game promotion on short video and live streaming platform
Guangzhou Xinze Food Technology Co., Ltd ("**Guangzhou Xinze**") *(note ii)*	China mainland	China mainland	**49%**	49%	**49%**	49%	Food manufacturing and sales

19. INVESTMENTS IN JOINT VENTURES (Continued)

Notes:

(i) On 23 December 2022, the Group acquired 29.79% of the equity interest in Beijing Zijingshu with a consideration of RMB24,828,000. According to the articles of Beijing Zijingshu, decisions about the relevant activities requires unanimous consent of the Group and the other shareholder of Beijing Zijingshu. As a result, the Group has joint control over Beijing Zijingshu and the investment was classified as investment in a joint venture.

(ii) On 8 December 2023, the Group subscribed for 49% of equity interest in Guangzhou Xinze at a consideration of RMB20,000,000. The consideration was paid during the current year. According to the articles of Guangzhou Xinze, decisions about the relevant activities requires unanimous consent of the Group and the other shareholder of Guangzhou Xinze. As a result, the Group has joint control over Guangzhou Xinze and the investment was classified as investment in a joint venture.

There were no investments in joint ventures that are individually material. Aggregate information of the joint ventures that are not individually material:

	2024 RMB'000	2023 RMB'000
The Group's share of loss and total comprehensive expense	**(5,065)**	(188)
Aggregate carrying amount of the Group's interests	**39,575**	24,640

20. LOANS TO EMPLOYEES

The loans to employees represents the loans advanced to employees. The loans are unsecured, interest-free and repayable on 5 January 2025, 31 March 2025, 29 April 2025, 24 July 2025, 31 December 2025, 2 January 2027 and 1 September 2027 (31 December 2023: on 31 December 2024, 5 January 2025 and 31 March 2025). During the year ended 31 December 2023, the Group received early settlements of the non-current loans to employees amounted to RMB15,500,000 (2024: Nil) and result a gain on early repayment of RMB809,000 (2024: Nil) in other gains and losses.

	31/12/2024 RMB'000	31/12/2023 RMB'000
Non-current loans to employees	**1,160**	4,755
Current loans to employees	**19,979**	33,000
Total	**21,139**	37,755

The non-current loans advanced to employees are measured initially at fair value and subsequently at amortized cost, using the effective interest method. RMB101,000 (2023: RMB513,000) being the difference between the principal amount and fair value at initial recognition, was recognized as staff costs during the current year.

Details of impairment assessment of loans to employees are set out in Note 41.

21. EQUITY INSTRUMENTS AT FVTOCI

	31/12/2024 RMB'000	31/12/2023 RMB'000
Unlisted investments		
— Equity securities *(note)*	**33,439**	1,499

Note: The above unlisted equity investments represent the Group's equity interests ranging from 2% to 40% in seven private entities established in the PRC as at 31 December 2024 (31 December 2023: ranging from 2% to 40% in five private entities). These investments are not considered to be associates or joint ventures of the Group because the Group has no right to appoint any director of the investees to participate in the financial and operating policy decision or decision about the relevant activities of the investees. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run. As at 31 December 2024, two (2023: three) of the investments are with minimal carrying value and details of the fair value measurement of the remaining investments are set out in Note 42.

22. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31/12/2024 RMB'000	31/12/2023 RMB'000
Deferred tax assets	**65,933**	36,959
Deferred tax liabilities	**(3,786)**	(200)
	62,147	36,759

22. DEFERRED TAX ASSETS/LIABILITIES (Continued)

The following is the major deferred tax asset (liabilities) recognized and movements thereon during the current year:

	Fair value change of equity investment at FVTOCI RMB'000	Undistributed profit of subsidiaries RMB'000	Fair value change of financial assets at FVTPL RMB'000	Tax losses RMB'000	Valuation of game publishing right RMB'000	Timing difference of costs and expenses RMB'000	Excess advertising expenses RMB'000	Impairment losses under ECL model RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2023	1,731	(29,000)	4	9,466	–	(168)	45,219	971	–	–	28,223
(Charge) credit to profit or loss	–	28,800	545	(7,363)	–	80	(14,334)	604	5,189	(4,985)	8,536
As at 31 December 2023	**1,731**	**(200)**	**549**	**2,103**	**–**	**(88)**	**30,885**	**1,575**	**5,189**	**(4,985)**	**36,759**
(Charge) credit to profit or loss	**–**	**200**	**(2,582)**	**8,521**	**2,410**	**(29)**	**13,957**	**10,711**	**125**	**(145)**	**33,168**
Charge to other comprehensive income	**(581)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(581)**
Increase on acquisition of a subsidiary *(Note18(ii))*	**–**	**–**	**–**	**–**	**(6,196)**	**–**	**–**	**–**			**(6,196)**
Decrease on disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,003)**	**–**	**–**	**(1,003)**
As at 31 December 2024	**1,150**	**–**	**(2,033)**	**10,624**	**(3,786)**	**(117)**	**44,842**	**11,283**	**5,314**	**(5,130)**	**62,147**

At the end of the reporting period, the Group has unused tax losses of approximately RMB74,381,000 (2023: RMB15,982,000) available for offset against future profits. A deferred tax asset has been recognized in respect of approximately RMB61,810,000 (2023: RMB8,412,000) of such losses. No deferred tax asset has been recognized in respect of the remaining approximately RMB12,571,000 (2023: RMB7,570,000) due to the unpredictability of future profit streams. The unrecognized tax losses are losses with expiry dates as disclosed in the following table.

	31/12/2024 RMB'000	31/12/2023 RMB'000
2026	**3,985**	3,985
2027	**–**	3,585
2029	**8,586**	–
	12,571	7,570

At the end of the reporting period, the Group has deductible temporary differences of RMB456,923,000 (2023: RMB332,689,000) in connection to the excess advertising expenses. A deferred tax asset has been recognized in respect of approximately RMB298,789,000 (2023: RMB205,900,000) of such deductible temporary differences. No deferred tax asset has been recognized in relation to the remaining approximately RMB158,134,000 (2023: RMB126,789,000) as it is not probable that the deductible temporary differences can be utilized to reduce the taxable profit in the future.

22. DEFERRED TAX ASSETS/LIABILITIES (Continued)

Under the CIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB1,857,166,000 as at 31 December 2024 (2023: RMB1,946,743,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

23. RECEIVABLES ON DISPOSAL OF SUBSIDIARIES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Receivables on disposal of:		
Jilin Yuke Network Technology Company Limited ("**Jilin Yuke**") *(Note i)*	**9,650**	48,062
Others *(Note ii)*	**12,000**	—
Less: Allowance for credit losses	**(4,800)**	—
Total	**16,850**	48,062
Analysed as:		
Current	**11,350**	—
Non-current	**5,500**	48,062
Total	**16,850**	48,062

Notes:

(i) During the year ended 31 December 2022, the Group entered into a sale agreement with Jilin Xinyue to dispose of its 100% equity interest in Jilin Yuke that carried out majority of the Group's private game room cards operations. The fair value of the deferred consideration of Jilin Yuke was determined by discounting the consideration of RMB111,600,000 using the discount rate of 6.44% per annum. During the year ended 31 December 2024, RMB42,203,000 (2023: RMB59,400,000) was early settled, which resulted in a gain on early repayment of RMB1,782,000 (2023: RMB5,490,000) recognized in other gains and losses, and interest income of RMB2,008,000 (2023: RMB5,388,000) were recognized. The remaining deferred considerations amounted RMB9,650,000 as at 31 December 2024 is repayable on 28 April 2025.

(ii) Details of the disposals are set out in Note 8(ii)

Details of impairment assessment of receivables on disposal of subsidiaries are set out in Note 41.

24. RECEIVABLES ON DISPOSAL OF ASSOCIATES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Receivables on disposal of:		
Jilin Xinyue *(Note i)*	**96,989**	89,610
Chengdu Weiying *(Note ii)*	**10,000**	—
Total	**106,989**	89,610
Analysed as:		
Current	**106,989**	—
Non-current	**—**	89,610
Total	**106,989**	89,610

Notes:

(i) Details of the disposals are set out in Note 18(i)

(ii) Details of the disposals are set out in Note 18(iv)

Details of impairment assessment of receivables on disposal of associates are set out in Note 41.

25. TRADE RECEIVABLES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Trade receivables	**94,413**	150,527
Less: Allowance for credit losses	**—**	—
Total	**94,413**	150,527

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB192,949,000.

25. TRADE RECEIVABLES (Continued)

Trade receivables comprise receivables from distribution channels, payment vendors and advertisement agents. The credit terms of trade receivables granted to the distribution channels, payment vendors and advertisement agents are usually 0 to 60 days. Ageing analysis of trade receivables presented based on date of invoices is as follows:

	2024 RMB'000	2023 RMB'000
0–30 days	**77,594**	99,721
31–60 days	**11,494**	30,863
61–90 days	**2,469**	5,123
91–180 days	**284**	9,931
Over 180 days	**2,572**	4,889
Total	**94,413**	150,527

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB8,668,000 (2023: RMB21,328,000) which are past due. Out of the past due balances, RMB2,572,000 (2023: RMB7,673,000) has been past due 90 days or more and is not considered as in default due to the history of cooperation and the sound collection history of the debtors.

Details of impairment assessment of trade receivables are set out in Note 41.

26. FINANCIAL ASSETS AT FVTPL

	31/12/2024 RMB'000	31/12/2023 RMB'000
Non-current unlisted securities		
— Investment in partnership *(note i)*	**31,243**	31,532
	31,243	31,532
Current listed securities held for trading		
— Equity securities listed in Shanghai Stock Exchange (the "**SSE**") *(note ii)*	**25,696**	34,819
Current financial assets held for trading		
— Private funds *(note iii)*	**129,269**	62,599
— Money market fund *(note iv)*	**106,461**	—
— Structured deposit *(note v)*	**132,300**	—
	393,726	97,418

26. FINANCIAL ASSETS AT FVTPL (Continued)

Notes:

(i) On 31 October 2022, Jiaxiang Interactive, along with other investors (each as a limited partner), Challenjers Management Team (as a special limited partner), Challenjers Yunteng (as a general partner) and Chuangxinyizhou (as a fund manager) entered into the partnership agreement for the formation of a partnership to carry out equity and equity-related investment with a focus on the consumer industry, corporate services and entertainment sectors. Jiaxiang Interactive, as a limited partner, committed to make capital contribution of RMB100,000,000, which account for 10% interest in the partnership. During the year ended 31 December 2022, Jiaxiang Interactive made a capital contribution of RMB30,000,000 to the partnership. The fair value of the investment is based on the fair value of the equity and equity-related investments evaluated by the partnership management team.

(ii) The listed equity investments represent ordinary shares of entities listed on SSE. The investment is held for trading and its fair value is based on the quoted market price.

(iii) The private funds mainly represent private fund products issued by private funds management companies and mainly invest in debt and equity instruments. The investment is held for trading and its fair value is based on the fund net value calculated by the private funds management companies.

(iv) The money market fund represents US dollar money market fund products issued by asset management companies and mainly invest in national bonds and time deposits. The investment is held for trading and its fair value is based on the fund net value calculated by the money market funds management companies.

(v) The structured deposit mainly represents structured deposit products issued by commercial banks and mainly invest in bank deposits that embedding derivative financial instruments with the price linked to gold price. The investment is held for trading and its fair value is based on the recent transaction prices.

Further details of the fair value measurements of the above investments are set out in Note 42.

27. PREPAYMENTS AND OTHER RECEIVABLES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Prepayment for co-operation commissions	**71,356**	—
Prepayment for advertisement and promotion fees	**43,793**	145,384
Prepayment for research and development	**15,040**	7,342
Value-added tax and other taxes recoverable	**11,522**	—
Prepayment to game developers	**5,863**	8,000
Prepayment for server-related fees	**2,637**	2,999
Advances to employees	**279**	496
Others	**12,413**	9,754
	162,903	173,975
Less: Allowance for credit losses	**—**	—
Total	**162,903**	173,975

Details of impairment assessment of other receivables are set out in Note 41. The amounts disclosed above include the balance with associates, details of which are disclosed in Note 36.

28. LOANS RECEIVABLES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Fixed-rate loan receivables		
— Loans to third parties *(Note i)*	**135,312**	33,846
— Loans to associates	**73,102**	80,000
	208,414	113,864
Less: Allowance for credit losses	**(60,011)**	(8,851)
Total	**148,403**	104,995

Note:

(i) This balance mainly comprises of:

(1) A short term loan granted to an international IP-oriented game operator, which is listed at the Hong Kong Stock Exchange (the "**Listed Game Operator**"). During the first half year of 2024, the Group entered into a strategic corporation framework agreement with the Listed Game Operator on future business collaboration on game research and development and paid them a refundable earnest money amounting RMB50,000,000. Such corporation framework agreement was subsequently terminated and both parties agreed to turn the earnest money into a short loan, which is interest bearing at 3% per annum, repayable before 30 June 2025 and secured by a personal guarantee of the major shareholder of the Listed Game Operator.

(2) Loans amounting RMB71,000,000 (2023: RMB68,000,000 included in loans to associates disclosed above) are granted Chengdu Weiying, which ceased to be an associate during the current year, as detailed in Note 18(iv). An allowance for credit losses amounting RMB49,700,000 was recognized during the year.

The exposure of the Group's fixed-rate loan receivables to interest rate risks and their contractual maturity dates are as follows:

	31/12/2024 RMB'000	31/12/2023 RMB'000
Fixed-rate loan receivables:		
Within one year	**104,403**	91,581
In more than one year but not more than two years	**44,000**	13,414
Total	**148,403**	104,995

28. LOANS RECEIVABLES (Continued)

The ranges of effective interest rates (which are equal to contractual interest rates) on the Group's loan receivables are as follows:

	Year ended 31/12/2024	Year ended 31/12/2023
Effective interest rate:		
Fixed-rate loan receivables	**1% to 3%**	1% to 2%

Details of impairment assessment of loans receivables are set out in Note 41.

29. CASH AND CASH EQUIVALENTS/SHORT-TERM BANK DEPOSIT/ RESTRICTED BANK DEPOSIT

	31/12/2024 RMB'000	31/12/2023 RMB'000
Cash at bank	**755,032**	1,340,918
Restricted bank deposits	**50,000**	—
Short-term bank deposits	**65,000**	—

All cash and cash equivalents (comprise of cash on hand and demand deposits) are denominated in RMB, except for RMB41,200,000 denominated in US$ (2023: RMB75,380,000), RMB9,451,000 denominated in HK$ (2023: RMB41,000,000), RMB114,000 denominated in EUR$ (2023: RMB120,000) and RMB4,637,000 denominated in SG$ (2023: RMB1,807,000) as at 31 December 2024.

The short-term bank deposits are with original maturity of over three months carry interest at prevailing market rates of 1.5% (2023: Nil) per annum as at 31 December 2024. The balances will mature within six months from the end of the reporting period.

Restricted bank deposit represents deposit for acquisition of structured deposit with no interest.

Bank balances carry interest at market rates which range from 0.01 % to 1.60% (2023: 0.01 % to 3.10%) per annum.

For the year ended 31 December 2024, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

30. OTHER PAYABLES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Salaries and staff welfare payables	**33,014**	48,224
Selling and marketing expenses accruals	**7,379**	8,671
Payable to game developers *(note i)*	**7,273**	4,600
Payable for co-operation commissions	**1,709**	—
Payable for customer service and technical support fee	**665**	2,140
Other taxes payable	**893**	2,162
Others	**4,181**	8,596
Total	**55,114**	74,393

Note:

(i) As at 31 December 2024 and 2023, the balance represents sale proceeds received from players of games for which the Group acts as a distributor to be reimbursed to game developers, after deducting the commission income entitled by the Group calculated at a pre-determined rate, and refundable deposits received from game developers.

31. LEASE LIABILITIES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Lease liabilities payable:		
Within one year	**8,365**	8,352
More than one year but not more than two years	**5,504**	3,299
More than two years but not more than five years	**7,384**	9,103
	21,253	20,754
Less: Amount due for settlement within 12 months shown under current liabilities	**(8,365)**	(8,352)
Amount due for settlement after 12 months shown under non-current liabilities	**12,888**	12,402

The weighted average incremental borrowing rates applied to lease liabilities is 5.02% per annum for 2024 (2023: 5.36% per annum).

32. DEFERRED REVENUE

Deferred revenue represented service fees prepaid by the customers for the Group's self-developed mobile games in the forms of prepaid virtual tokens, for which the related services had not been rendered at the end of the reporting period. As the unsatisfied performance obligations will be recognized as revenue within one year, therefore, the deferred revenue is recognized as current liabilities.

	Virtual tokens RMB'000
As at 1 January 2023	127,057
Sales proceeds, net of tax	1,512,366
Revenue recognized during the year	(1,566,458)
As at 31 December 2023	**72,965**
Sales proceeds, net of tax	**1,286,409**
Revenue recognized during the year	**(1,212,269)**
As at 31 December 2024	**147,105**

There was no expected breakage amount recognized as revenue for both years.

Deferred revenue amounted to RMB147,105,000 as at 31 December 2024 (31 December 2023: RMB72,965,000) is expected to be recognized as revenue within one year.

33. SHARE CAPITAL

	Par value US$	**Number of shares**	**Nominal amount** US$	**Shown in the consolidated financial statements** RMB'000
Authorized				
As at 1 January 2023, 31 December 2023 and 31 December 2024	0.000005	10,000,000,000	50,000	
Issued and fully paid				
As at 1 January 2023, 31 December 2023 and 31 December 2024	0.000005	1,283,403,500	6,417	42

34. RETIREMENT BENEFIT SCHEME

The employees of the Company's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

During the year, the retirement benefit scheme contributions amounted to RMB5,455,000 (2023: RMB8,514,000). No forfeited contributions have been used to reduce the level of contributions during the reporting period.

35. MAJOR NON-CASH TRANSACTIONS

During the current year, the Group entered into new lease agreements for the use of leased properties for 2 to 5 years. On the lease commencement, the Group recognized right-of-use assets and lease liabilities of RMB16,090,000 and RMB16,090,000 respectively (2023: RMB17,202,000 and RMB17,202,000 respectively).

On 1 June 2024, the Group obtained the control over Shenzhen Yaozuo, a 40%-owned associate of the Group, through signing Concerted Actions Agreement with another shareholder of Shenzhen Yaozuo, details of which are set out in Note 18(ii).

On 3 June 2024, the Group disposed of the 20.88% of equity interest in Chengdu Cangmo. After the disposal, as the Group ceased to have significant influence over Chengdu Cangmo, the investment became equity instruments at FVTOCI and the remaining 19.12% of equity interest was remeasured at fair value on the disposal date. Details refer to Note 18(iii). On 22 August 2024, a new investor subscribed for 25.82% of equity interest in Chengdu Cangmo with a consideration of RMB12,950,000 which diluted the equity interest of the original shareholders in proportion and the Group's equity interest was decreased to 14.18%.

On 31 December 2024, the Group disposed 30% of its interest in Chengdu Weiying. After the disposal, as the Group ceased to have significant influence over Chengdu Weiying, the investment became equity instruments at FVTOCI of the Group and was remeasured at fair value as at the disposal date. Details refer to Note 18(iv).

36. RELATED PARTY TRANSACTIONS

The following transactions were carried out between the Group and its related parties which are all associates of the Group during the reporting period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Provision of services to associates

	2024 RMB'000	2023 RMB'000
Technical support services	**1,727**	—
Enterprise management services	**1,402**	—
Game publishing services	**1,028**	—
Total	**4,157**	—

(b) Services received from associates and joint ventures

	2024 RMB'000	2023 RMB'000
Advertising and promotion services	**102,107**	77,067
Co-operation commissions charged by new media institution	**97,525**	—
Revenue sharing with game developers	**15,341**	—
Research and development services	**8,060**	7,920
Customer service	**5,957**	12,683
Server-related and technical support fees	**55**	—
Total	**229,045**	97,670

(c) Amounts due from associates

	31/12/2024 RMB'000	31/12/2023 RMB'000
Loans to associates *(Note 28)*	**73,102**	80,000
Prepayment for advertisement and promotion fees	**17,109**	14,245
Prepayment for research and development	**14,816**	7,342
Prepayment for co-operation commissions	**9,860**	—
Others	**1,000**	400
Total	**115,887**	101,987

36. RELATED PARTY TRANSACTIONS (Continued)

(d) Amounts due to associates

	31/12/2024 RMB'000	31/12/2023 RMB'000
Payable to game developers	**2,589**	—
Selling and marketing expenses accruals	**194**	1,686
Payable for customer service fee	**21**	1,108
Payable for co-operation commissions	**355**	—
Others	**633**	—
Total	**3,792**	2,794

(e) Key management personnel compensations

The compensations paid or payable to key management personnel (including executive directors, chief executive and other senior executives) for employee services are shown below:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	**10,857**	5,558
Contributions to retirement benefit scheme	**343**	89
Share-based payment expense	**22,703**	56,981
Total	**33,903**	62,628

(f) The Compensating Share Awards to key management personnel

Out of the 17,666,454 shares of the 2024 Share Award Scheme (defined in Note 37), 16,567,546 Share Awards were granted to eleven key management personnel of the Group (including directors, chief executive officer and other senior executives) during the year ended 31 December 2024 with share-based payment expenses amounting to RMB22,703,000 (included in note(e) above).

Out of the 39,561,675 shares of the 2023 Share Award Scheme (defined in Note 37), 36,140,678 Share Awards were granted to eight key management personnel of the Group (including directors, chief executive officer and other senior executives) during the year ended 31 December 2023 with share-based payment expenses amounting to RMB56,981,000 (included in note(e) above).

36. RELATED PARTY TRANSACTIONS (Continued)

(g) Assets disposal transaction

On 1 May 2024, Shenzhen Tongquan Technology Co., Ltd, a subsidiary of the Group, entered into an assets disposal agreement with Shenzhen Yueyang, a 40%-owned associate of the Group, pursuant to which certain assets, including 1) the research and development results of several mobile games (including the underlying software copyrights), 2) certain property plant and equipment and 3) a loan receivable, were disposed of to Shenzhen Yueyang for a total consideration of RMB10,102,000 ("**Assets Disposal Transaction**"), which represented the aggregate of an amount determined by applying a discount to the research and development costs incurred by the Group on these mobile games that were charged to the profit or loss in prior years, and the carrying amounts of the property plant and equipment and loan receivable. The consideration of RMB10,102,000 was partly settled through assuming the loan payables of Shenzhen Yueyang to other subsidiaries within the Group, amounting to RMB7,584,000. The total consideration (including the assumed loan payables to the Group) will be settled within one year.. The Assets Disposal Transaction resulted in a gain on disposal of RMB9,032,000, of which RMB400,000 was eliminated against the Group's interest in Shenzhen Yueyang to the extent of its carrying amount, and the remaining RMB8,632,000 (included unrealized gain of RMB3,213,000 not eliminated) was recognized in the profit or loss during the current year. The Group will not recognize any further share of Shenzhen Yueyang's profits until Shenzhen Yueyang makes sufficient profits to cover the amount of the unrealised gain not eliminated at the time of the disposal transaction in the future.

37. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share Option Scheme

A share option scheme was approved and adopted by the Company on 5 June 2019 (the "**Share Option Scheme**"). 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 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**").

The purpose of the Share Option Scheme is to incentivize 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 maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue as at the Listing Date, being 125,600,000 shares, or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

37. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share Option Scheme (Continued)

No options shall be granted to any Eligible Person under the Share Option Scheme and any other share option 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, exceeds 1% of the shares in issue at such date or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion.

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date, after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Scheme.

No dividends (including distributions made upon the liquidation of the Company) will be payable and no voting rights will be exercisable in relation to an option that has not been exercised. The shares allotted and issued on the exercise of an option will rank equally in all respects with the shares in issue on the date of allotment. They will not rank for any rights attaching to shares by reference to a record date preceding the date of allotment.

If an option-holder ceases to be an Eligible Person by reason of (i) his employer terminating his contract of employment in accordance with its terms or any right conferred on his employer by law, or (ii) his contract of employment, being a contract for a fixed term, expiring and not being renewed, or (iii) his employer terminating his contract for serious or gross misconduct, then any outstanding offer of an option and all options, vested or unvested, will lapse on the date the option-holder ceases to be an Eligible Person.

On 14 November 2019, the Company granted share options (the "**Share Options**") under the Share Option Scheme to 58 eligible employees to subscribe for a total of 62,360,000 ordinary shares of US$0.000005 each in the Company. The estimated fair value of the Share Options granted was HK$47,452,000 (equivalent to RMB42,508,000). The vesting terms of the Share Options for each grantee is as below:

(1) 30% of the total number of Share Options shall be vested on 14 November 2020;

(2) 40% of the total number of Share Options shall be vested on 14 November 2021;

(3) 30% of the total number of Share Options shall be vested on 14 November 2022.

The exercise price is determined by the directors of the Company, and will not be less than the highest of: (i) the closing price of HK$2.07 per share as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant of the Share Options, i.e. 14 November 2019, (ii) the average closing price of HK$2.09 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five 5 business days immediately preceding the date of grant of the Share Options; and (iii) the nominal value of US$0.000005 per share.

37. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share Option Scheme (Continued)

Up to 30 September 2021, 1,600,000 Share Options granted to two option grantees were lapsed due to the termination of their employment with the Company and 60,760,000 Share Options remained outstanding (the "**Outstanding Existing Options**"). None of the Share Options were exercised by the option grantees as at 30 September 2021. The Board resolved to cancel the Outstanding Existing Options with effect from 30 September 2021 and details are disclosed in Note 37(b).

(b) Compensating Share Awards

The Board resolved to cancel the Outstanding Existing Options with effect from 30 September 2021 in accordance with the terms of the Share Option Scheme with respect to cancellation of options granted but not exercised, at the request of the Option Grantees other than the two grantees whose share options have lapsed (the "**Remaining Option Grantees**"). The Company obtained consent and mutually agreed with each of the Remaining Option Grantees with respect to the arrangement and compensation for the cancellation of the Outstanding Existing Options.

As compensation for the cancellation of the Outstanding Existing Options and in accordance with the mutual agreement with each of the individual Remaining Option Grantees, the Board resolved to compensate the Remaining Option Grantees with the grant of Share Awards (the "**Compensating Share Awards**") calculated based on the number of Outstanding Existing Options held by individual Remaining Option Grantees. Each Outstanding Existing Option held by individual Remaining Option Grantees can be compensated with 0.35, 0.50 or 0.8333 Compensating Share Awards depending on the department or product unit in which the Remaining Option Grantee serves, his seniority and his past contribution to the Group, as follow:

- 26,510,000 Outstanding Existing Options held by 26 Remaining Option Grantees were compensated by the grant of 9,278,500 Compensating Share Awards representing the same number of underlying Shares at the compensation ratio of one Outstanding Existing Option to 0.35 Compensating Share Award;

- 33,050,000 Outstanding Existing Options held by 29 Remaining Option Grantees were compensated by the grant of 16,525,000 Compensating Share Awards representing the same number of underlying Shares at the compensation ratio of one Outstanding Existing Option to 0.5 Compensating Share Award; and

- 1,200,000 Outstanding Existing Options held by one Remaining Option Grantee were compensated by the grant of 1,000,000 Compensating Share Awards representing the same number of underlying Shares at the compensation ratio of one Outstanding Existing Option to approximately 0.8333 Compensating Share Award.

As a result, a total of 26,803,500 Compensating Share Awards representing the same number of underlying Shares were granted as compensation for the cancellation of the Outstanding Existing Options (the "**Compensation Grant**").

37. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Compensating Share Awards (Continued)

The vesting date of the Compensation Grant for each grantee:

(1) 40% of the total number of Share Awards shall be vested on 30 April 2022;

(2) 30% of the total number of Share Awards shall be vested on 30 April 2023; and

(3) 30% of the total number of Share Awards shall be vested on 30 April 2024.

Other vesting conditions of the Share Award Scheme are as follows:

(1) In respect of the vesting on 30 April 2022, (a) the Company's consolidated revenue for the year ending 31 December 2021 shall increase by 10% or more as compared with the consolidated revenue for the year ended 31 December 2020; (b) the Company's operating profit for the year ending 31 December 2021 shall account for not less than 75% of the Company's total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending 31 December 2021;

(2) In respect of the vesting on 30 April 2023, (a) the Company's consolidated revenue for the year ending 31 December 2022 shall increase by 15% or more as compared with the consolidated revenue for the year ended 31 December 2020; (b) the Company's operating profit for the year ending 31 December 2022 shall account for not less than 75% of the Company's total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending 31 December 2022; and

(3) In respect of the vesting on 30 April 2024, (a) the Company's consolidated revenue for the year ending 31 December 2023 shall increase by 20% or more as compared with the consolidated revenue for the year ended 31 December 2020; (b) the Company's operating profit for the year ending 31 December 2023 shall account for not less than 75% of the Company's total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending 31 December 2023.

Details of specific vesting date and movements of the Compensation Grant are as follows:

	Outstanding at 1/1/2024	Lapsed during the year	Vested during the year	Outstanding at 31/12/2024
Shares vested on 30 April 2022	–	–	–	–
Shares vested on 30 April 2023	–	–	–	–
Shares vested on 30 April 2024	5,538,000	375,000	5,163,000	–
	5,538,000	375,000	5,163,000	–

37. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Compensating Share Awards (Continued)

	Outstanding at 1/1/2023	Lapsed during the year	Vested during the year	Outstanding at 31/12/2023
Shares vested on 30 April 2022	—	—	—	—
Shares vested on 30 April 2023	6,339,000	365,250	5,973,750	—
Shares vested on 30 April 2024	6,339,000	801,000	—	5,538,000
	12,678,000	1,166,250	5,973,750	5,538,000

As the management considered the Compensating Grant as replacement to the Share Option Scheme, the Company accounted for the Compensating Grant as a modification of the Share Option Scheme. The incremental fair value granted is the difference between the fair value of Compensating Share Awards and the fair value of the Outstanding Existing Options as at 30 September 2021. The Company adopted the market price of HK$2.15 per share to measure the fair value of Compensating Share Awards as at 30 September 2021 and used the Binomial Option-Pricing Model to calculate the fair value of Outstanding Existing Options as at 30 September 2021. The inputs used for measuring the fair value of Outstanding Existing Options as at 30 September 2021 were as follows:

The share price on 30 September 2021	HK$2.15 per share
Exercise price	HK$2.09 per share
Expected volatility	63.73%
Option life	3.10 years
Risk-free rate	0.44%
Dividend yield	0.00%
Exit rate	0%
Early Exercise Multiple	2.20

The resulting incremental fair value, amounting HK$7,710,000, was expensed or will be expensed over the respective modified vesting period between 30 September 2021 and the three vesting dates, i.e. 30 April 2022, 30 April 2023 and 30 April 2024, of Compensating Share Awards in the proportion of 40%, 30% and 30% respectively, in addition to the amount based on the grant date fair value of the original Share Option Scheme, which is recognized over the remainder of the original vesting period. During the year ended 31 December 2024, the Group recognized the share-based payment expense of RMB143,000 (2023: RMB564,000) in relation to the incremental fair value.

37. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(c) 2021 Share Award Scheme

On 30 September 2021, the Board resolved to grant a total of 600,000 share awards to two grantees pursuant to the Share Award Scheme (the "**2021 Share Award Scheme**") to recognize their contributions to the growth of the Group and to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group.

The vesting date of the 2021 Share Award Scheme for each grantee:

- 40% of the total number of Share Awards shall be vested on 30 April 2022;
- 30% of the total number of Share Awards shall be vested on 30 April 2023; and
- 30% of the total number of Share Awards shall be vested on 30 April 2024.

Other vesting conditions of the 2021 Share Award Scheme are as follows:

(1) In respect of the vesting on 30 April 2022, (a) the Company's consolidated revenue for the year ending 31 December 2021 shall increase by 10% or more as compared with the consolidated revenue for the year ended 31 December 2020; (b) the Company's operating profit for the year ending 31 December 2021 shall account for not less than 75% of the Company's total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending 31 December 2021;

(2) In respect of the vesting on 30 April 2023, (a) the Company's consolidated revenue for the year ending 31 December 2022 shall increase by 15% or more as compared with the consolidated revenue for the year ended 31 December 2020; (b) the Company's operating profit for the year ending 31 December 2022 shall account for not less than 75% of the Company's total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending 31 December 2022; and

(3) In respect of the vesting on 30 April 2024, (a) the Company's consolidated revenue for the year ending 31 December 2023 shall increase by 20% or more as compared with the consolidated revenue for the year ended 31 December 2020; (b) the Company's operating profit for the year ending 31 December 2023 shall account for not less than 75% of the Company's total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending 31 December 2023.

37. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(c) 2021 Share Award Scheme (Continued)

Details of specific vesting date and movements of 2021 Share Award Scheme are as follows:

	Outstanding at 1/1/2024	Vested during the year	Outstanding at 31/12/2024
Shares vested on 30 April 2023	—	—	—
Shares vested on 30 April 2023	—	—	—
Shares vested on 30 April 2024	180,000	180,000	—
	180,000	180,000	—

	Outstanding at 1/1/2023	Vested during the year	Outstanding at 31/12/2023
Shares vested on 30 April 2023	—	—	—
Shares vested on 30 April 2023	180,000	180,000	—
Shares vested on 30 April 2024	180,000	—	180,000
	360,000	180,000	180,000

The directors of the Company estimated the fair values of the above shares on the grant date. The fair value of the shares held for the 2021 Share Award Scheme was determined using the market price of HK$2.15 per share as at 30 September 2021, the aggregate fair value of the shares held for the 2021 Share Award Scheme was assessed to be HK$1,290,000 (equivalent to RMB1,075,000). During the year ended 31 December 2024, the Group recognized the share-based payment expenses of RMB45,000 in relation to the 2021 Share Award Scheme (2023: RMB102,000).

On 16 November 2021, the Company allotted and issued 27,403,500 new shares to Futu Trustee, which was appointed as an independent trustee of the share award scheme of the Company, at par value of US$0.000005 each with the consideration amounting to RMB1,000 being funded by shareholders for the Compensation Grant and the 2021 Share Award Scheme. The shares were regarded as treasury shares before vesting and had been deducted from shareholders' equity.

During the year ended 31 December 2024, 5,163,000 shares (2023: 5,973,750 shares) relating to Compensating Share Awards and 180,000 shares (2023: 180,000 shares) relating to 2021 Share Award Scheme vested were transferred to the grantees and the remaining treasury shares was 5,521,350 shares (2023: 11,044,350 shares) as at 31 December 2024, which was held by Futu Securities as treasury shares.

37. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(d) 2023 Share Award Scheme

On 9 May 2023, 10 October 2023 and 10 November 2023, the Board resolved to grant a total of 19,311,675, 19,000,000 and 1,250,000 share awards to 21, 1 and 1 grantees respectively pursuant to the Share Award Scheme (the "**2023 Share Award Scheme**") to recognize their contributions to the growth of the Group and to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group. The awarded shares are vested on the grant date. The awarded shares are vested on the grant date, the fair value of the awarded shares on the grant date was RMB27,152,000, RMB32,442,000 and RMB2,197,000 using the market price of HK$1.61 as at 9 May 2023, HK$1.86 as at 10 October 2023 and HK$1.91 as at 10 November 2023 per share respectively. During the period ended 31 December 2023, the Group recognized the share-based payment expenses of RMB61,791,000 in relation to the 2023 Share Award Scheme.

The above 39,561,675 awarded shares in total relating to 2023 Share Award Scheme granted during the fiscal year of 2023 was settled by the shares repurchased by the Company on the open market through Futu Securities (as detailed in note ii to the consolidated statement of changes in equity). As at 31 December 2023, 4,272,376 shares was held by Futu Securities as treasury shares.

(e) 2024 Share Award Scheme

On 2 April 2024, 3 June 2024 and 10 September 2024, the Board resolved to grant a total of 4,832,541, 2,173,913 and 10,660,000 share awards to 22, 1 and 1 grantees respectively pursuant to the Share Award Scheme (the "**2024 Share Award Scheme**") to recognize their contributions to the growth of the Group and to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group. The awarded shares are vested on the grant date, the fair value of the awarded shares on the grant date was RMB9,641,000, RMB4,168,000 and RMB11,087,000 using the market price of HK$2.20 as at 2 April 2024, HK$2.11 as at 3 June 2024 and HK$1.14 as at 10 September 2024 per share respectively. During the period ended 31 December 2024, the Group recognized the share-based payment expenses of RMB24,896,000 in relation to the 2024 Share Award Scheme.

The above 17,666,454 awarded shares in total relating to 2024 Share Award Scheme granted during the current year was settled by the shares repurchased by the Company on the open market through Futu Securities (as detailed in note iii to the consolidated statement of changes in equity) and shares donated by shareholders and transferred to Futu Securities (as detailed in note ii to the consolidated statement of changes in equity). As at 31 December 2024, 52,912,807 shares (2023: 4,272,376 shares) was held by Futu Securities as treasury shares.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000
As at 1 January 2023	17,805
Financing cash flows	(11,580)
New leases entered	17,202
Interest on lease liabilities	1,016
Early termination of a lease	(3,689)
Disposal of subsidiaries	—
As at 31 December 2023	**20,754**
Financing cash flows	**(10,570)**
New leases entered	**16,090**
Interest on lease liabilities	**1,052**
Early termination of a lease	**(6,720)**
Acquisition of a subsidiary	**647**
As at 31 December 2024	**21,253**

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Names of subsidiaries	Place and date of incorporation/ operation	Paid up issued/ registered capital	Equity interest attributable to the Group as at 31 December 2024	2023	Principal activities
Directly held:					
Homeland Investment Co., Ltd.	British Virgin Islands 7 May 2018	US$0.1	**100%**	100%	Investment holding
Indirectly held:					
Homeland Entertainment & Technology Limited	Hong Kong 4 June 2018	HK$100	**100%**	100%	Investment holding
Homeland PRC *(note i)*	PRC, 7 August 2018	US$1,000,000	**100%**	100%	Software development
Yutai Shenzhen *(note i)*	PRC, 11 November 2021	RMB10,000,000	**100%**	100%	Software development
Yaotang Shenzhen *(note i)*	PRC, 16 November 2021	RMB10,000,000	**100%**	100%	Software development and technical services
Jilin Haiqi *(note i)*	PRC, 31 August 2022	RMB1,000,000	**100%**	100%	Software development and technical services
Yaotang Xiamen *(note i)*	PRC, 23 December 2022	RMB10,000,000	**100%**	100%	Software development and technical services
Controlled through contractual arrangement:					
Jiaxiang Interactive *(note i)*	PRC, 31 August 2015	RMB10,000,000	**100%**	100%	Development, publication and operation of mobile games
Jilin Xinze *(note i)*	PRC, 13 November 2009	RMB10,000,000	**100%**	100%	Development, publication and operation of mobile games
Xiamen Youcheng Interactive Network Technology Co., Ltd ("**Xiamen Youcheng**") *(note i, note ii)*	PRC, 22 November 2017	RMB1,000,000	**40%**	40%	Development, publication and operation of mobile games

note i: The entity is PRC limited liability company.

note ii: On 31 August 2023, the Group disposed 20% of equity interests in Xiamen Youcheng to two individual shareholders with a total consideration of RMB2,000,000. On the same day of the disposal, the Group signed Concerted Actions Agreement with the shareholder who held 30% of equity interests of Xiamen Youcheng, who agreed to act under the direction of the Group and in concert with the Group in all of the decisions about the relevant activities such as operation plan and profit distribution plan. As a result, the Group have control on 70% of the equity interests and therefore have retained the control over Xiamen Youcheng after the disposal. The difference between the consideration received and 20% of the net assets of Ximen Youcheng on the disposal date, amounting RMB519,000, was recorded as an equity transaction in other reserves.

The above table lists the principal subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

All subsidiaries now comprising the Group are limited liability companies and have adopted 31 December as their financial year end date.

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during the reporting period.

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Non-current asset		
Investments in subsidiaries	**241,573**	216,489
Property, plant and equipment	**12**	—
Rental deposit	**38**	—
Right of use assets	**58**	164
	241,681	216,653
Current assets		
Financial assets at FVTPL	**24,803**	19,617
Prepayments and other receivables	**11,822**	11,465
Amounts due from subsidiaries	**76,528**	9,553
Cash and cash equivalents	**16,411**	102,474
	129,564	143,109
Current liabilities		
Other payables	**642**	952
Amounts due to subsidiaries	**376,108**	339,539
Lease Liabilities	**65**	172
	376,815	340,663
Net current liabilities	**(247,251)**	(197,554)
	(5,570)	19,099
Capital and reserves		
Share capital	**42**	42
Reserves	**(5,612)**	19,057
	(5,570)	19,099

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Details of the movement in the Company's reserves are set out below:

	Share premium RMB'000	Share held for Share Award Scheme RMB'000	Other reserve RMB'000	Share-based payments reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2023	31,210	(30,421)	4	25,469	(27,102)	(840)
Profit and total comprehensive income for the year	–	–	–	–	161,622	161,622
Recognition of share-based payment expenses under the Share Option Scheme and the incremental fair value under the Compensation Grant *(defined in Note 37)*	–	–	–	564	–	564
Recognition of share-based payment expenses under the 2021 Share Award Scheme *(defined in Note 37)*	–	–	–	102	–	102
Recognition of share-based payment expenses under the 2023 Share Award Scheme *(defined in Note 37)*	–	–	–	61,791	–	61,791
Share-based payment expenses related to the share options forfeited after the original vesting date	–	–	–	(2,866)	2,866	–
Vesting of award shares under the Compensation Grant, the 2021 Share Award Scheme and the 2023 Share Award Scheme	8,953	62,229	–	(71,182)	–	–
Dividends recognized as distribution	–	–	–	–	(162,823)	(162,823)
Repurchase of shares	–	(41,359)	–	–	–	(41,359)
As at 31 December 2023	40,163	(9,551)	4	13,878	(25,437)	19,057
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**104,148**	**104,148**
Recognition of share-based payment expenses under the Share Option Scheme and the incremental fair value under the Compensation Grant *(defined in Note 37)*	**–**	**–**	**–**	**143**	**–**	**143**
Recognition of share-based payment expenses under the 2021 Share Award Scheme *(defined in Note 37)*	**–**	**–**	**–**	**45**	**–**	**45**
Recognition of share-based payment expenses under the 2024 Share Award Scheme *(defined in Note 37)*	**–**	**–**	**–**	**24,896**	**–**	**24,896**
Share-based payment expenses related to the share options forfeited after the original vesting date	**–**	**–**	**–**	**(1,327)**	**1,327**	**–**
Vesting of award shares under the Compensation Grant, the 2021 Share Award Scheme and the 2024 Share Award Scheme	**6,142**	**31,493**	**–**	**(37,635)**	**–**	**–**
Dividends recognized as distribution	**–**	**–**	**–**	**–**	**(118,073)**	**(118,073)**
Repurchase of shares	**–**	**(35,828)**	**–**	**–**	**–**	**(35,828)**
Shareholders donation	**–**	**(80,437)**	**80,437**	**–**	**–**	**–**
As at 31 December 2024	**46,305**	**(94,323)**	**80,441**	**–**	**(38,035)**	**(5,612)**

41. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

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

Financial risk management

Categories of financial instruments

	2024 **RMB'000**	2023 RMB'000
Financial assets		
Financial assets measured at amortized cost	**1,270,791**	1,782,256
Financial assets at FVTPL	**424,969**	128,950
Equity instruments at FVTOCI	**33,439**	1,499
Financial liabilities		
Financial liabilities measured at amortized cost	**26,007**	28,807

The Group's major financial instruments include equity instruments at FVTOCI, financial assets at FVTPL, trade receivables, rental and other deposits, other receivables, receivables for disposal of subsidiaries/associates, loans receivables, loans to employees, restricted bank deposits, short-term bank deposits, cash and cash equivalents, other payables and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign exchange risk and interest rate risk, other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

41. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management (Continued)

Market risk

Foreign exchange risk

The Group has certain cash and cash equivalents denominated in HK$, US$, EUR$ and SG$ (2023: HK$, US$, EUR$ and SG$), and is exposed to foreign exchange risk arising from foreign currency exchange rate fluctuation, primarily with respect to HK$, US$, EUR$ and SG$. The Group currently does not hedge transactions undertaken in foreign currencies but manages its exposure through constant monitoring to limit as much as possible the amount of its foreign currency exposure. Foreign exchange risk arises when future commercial transactions and recognized assets are denominated in a currency that is not the entity's functional currency. The Group's finance department is responsible for monitoring and managing the net position in each foreign currency.

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	2024 **RMB'000**	2023 RMB'000
US$	**41,200**	75,380
HK$	**9,451**	41,000
SG$	**4,637**	1,807
EUR$	**114**	120

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2023: 5%) change in foreign currency rates. A positive number below indicates a decrease in post-tax loss (2023: an increase in post-tax profit) where RMB weaken 5% (2023: 5%) against the relevant currency. For a 5% (2023: 5%) strengthening of RMB against the relevant currency, there would be an equal and opposite impact on the loss (2023: profit) and the amounts below would be negative.

	Impact	
	2024 **RMB'000**	2023 RMB'000
Profit or loss	**2,477**	5,915

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

41. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management (Continued)

Market risk (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group cash flow interest rate is mainly concentrated on the fluctuation of interest rates on bank balances. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management considers that the exposure of fair value interest rate risk in relation to lease liabilities and cash flow interest rate risk arising from variable-rate bank balances is insignificant. No sensitivity analysis is presented accordingly.

Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTOCI and financial assets measured at FVTPL. The Group invested in certain unquoted equity securities for investees operating in mobile game development and operation industry sector for long term strategic purposes which had been designated as FVTOCI. The Group invested in listed and unlisted securities which are classified as FVTPL in order to increase the return on investments. Each investment is managed by senior management on a case by case basis.

The sensitivity analysis has been determined based on the exposure to equity price risk at the reporting date. If the fair value of the listed equity investments had been 5% higher/lower, the loss for the year ended 31 December 2024 would decrease/increase by RMB964,000 (2023: the profit for the year would increase/decrease by RMB1,480,000) as a result of the changes in the market quoted price. If the fair value of the other investments (including private fund, investment in partnership and unlisted investments) had been 5% higher/lower, the loss for the year ended 31 December 2024 would decrease/increase by RMB6,329,000 (2023: profit for the year would increase/decrease by RMB4,707,000) and other comprehensive income for the year ended 31 December 2024 would increase/decrease by RMB1,293,000 (2023: other comprehensive expense for the year decrease/increase by RMB75,000) as a result of the changes in fair value of financial assets at FVTPL and equity instruments at FVTOCI .

Credit risk

The Group is mainly exposed to credit risk in relation to its trade receivables, receivables for disposal of subsidiaries/associate, loans receivables, loans to employees, other receivables, rental and other deposits as well as bank balances.

The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

41. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management (Continued)

Credit risk (Continued)

Trade receivables

The Group performs impairment assessment under ECL model on trade balances individually. Trade receivables with gross carrying amount of RMB94,413,000 (2023: RMB150,527,000) as at 31 December 2024 were due from the third-party games distribution channels, third-party payment vendors and advertisement agents in cooperation with the Group. If the co-operative relationships with the distribution channels, third-party payment vendors and advertisement agents are deteriorated or terminated; or if the distribution channels, third-party payment vendors and advertisement agents alter the co-operative arrangements; or if they experience financial difficulties in paying the Group, the Group's trade receivables might be adversely affected in terms of recoverability. To manage this risk, the Group maintains frequent communications with the distribution channels, third-party payment vendors and advertisement agents to ensure the effective credit control are in place. In view of the history of cooperation with the distribution channels, third-party payment vendors and advertisement agents and the sound collection history of receivables due from them, the directors of the Company believe that the credit risk inherent in the Group's outstanding trade receivable balances due from the distribution channels, third-party payment vendors and advertisement agents is low, accordingly, no impairment is made during the reporting period.

Receivables for disposal of subsidiaries/associates

For receivables for disposal of subsidiaries/associates with an aggregate gross carrying amount of RMB128,638,000 (2023: RMB137,672,000), management makes individual assessment on the recoverability of such receivables and estimates the ECL of the receivables based on historical settlement records, taken into consideration of those early repayments set out in Note 18 and 23 and past experience and determines that lifetime credit losses amounted to RMB4,800,000 was recognized in the current year (2023: nil).

Loans to employees, loans receivables, other receivables and rental and other deposits

For other receivables and rental and other deposits with an aggregate gross carrying amount of RMB12,966,000 (2023: RMB10,389,000), management makes individual assessment on the recoverability of other receivables and rental and other deposits and estimates the ECL of the balances based on historical settlement records and past experience and determines that lifetime credit losses amounting to RMB4,878,000 (2023: nil) was recognized, which was written-off due to the disposal of subsidiaries during the current year.

For loans to employees with an aggregate gross carrying amount of RMB21,139,000 (2023: RMB37,755,000), management makes individual assessment on the recoverability and estimates the ECL of the loans based on the salaries, bonus, other benefits in kind and exercisable share awards. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balances of loans to employees, other receivables and rental and other deposits.

For loans receivables with gross carrying amount of RMB208,414,000 (2023: RMB113,846,000), management makes individual assessment on the recoverability and estimates the ECL of the receivables by considering the historical credit loss experience of the debtors, guarantee provided by a third-party debtor's controlling party and past experience. For significant loans from associates or investees, management also takes into account the profit forecasts of the debtors. As a result, lifetime credit losses amounting to RMB60,011,000 was recognized as at 31 December 2024 (2023: RMB8,851,000).

41. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management (Continued)

Credit risk (Continued)

Loans to employees, loans receivables, other receivables and rental and other deposits (Continued)

The Group considers the probability of default upon initial recognition of financial assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period regarding to the receivables for disposal of subsidiaries/associates, loans to employees, loans receivables, other receivables and rental and other deposits. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available. Forward-looking information considered includes debtor's credit rating and its business, financial or economic conditions which are expected to cause a significant decrease in debtor's ability to meet its obligation.

Restricted bank deposits, short-term bank deposits and cash at bank

Credit risk on cash at bank with gross carrying amount of RMB755,032,000 (2023: RMB1,340,918,000), restricted bank deposits with gross carrying amount of RMB50,000,000 (2023: nil) and short-term bank deposits with gross carrying amount of RMB65,000,000 (2023: nil) is limited because the counterparties are reputable state-owned and local banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant.

Liquidity risk

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

The table below analyses the Group's financial liabilities and lease liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Weighted average interest rate	On demand or less than 1 year	1–2 years	2–5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of 31 December 2024						
Other payables	**—**	**21,207**	**—**	**—**	**21,207**	**21,207**
Dividend payable	**—**	**4,800**	**—**	**—**	**4,800**	**4,800**
Lease liabilities	**5.02**	**8,588**	**6,022**	**7,716**	**22,326**	**21,253**
Total		**34,595**	**6,022**	**7,716**	**48,333**	**47,260**
As of 31 December 2023						
Other payables	—	24,007	—	—	24,007	24,007
Lease liabilities	5.36	9,641	7,812	5,912	23,365	20,754
Total		33,648	7,812	5,912	47,372	44,761

42. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and inputs used).

(i) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Fair value hierarchy as at 31/12/2024	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Equity instruments at FVTOCI	**—**	**13,110**	**20,329**	**33,439**
Financial assets at FVTPL	**25,696**	**343,227**	**56,046**	**424,969**

Fair value hierarchy as at 31/12/2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Equity instruments at FVTOCI	—	1,499	—	1,499
Financial assets at FVTPL	34,819	42,982	51,149	128,950

42. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(i) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/ Financial liabilities	Fair value as at 31/12/2024	Fair value as at 31/12/2023	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable input
Financial assets at FVTPL	**Equity securities listed in SSE – RMB25,696,000**	Equity securities listed in SSE – RMB34,819,000	Level 1 (31/12/2023: Level 1)	Quoted market price (31/12/2023: Quoted market price)	N/A (31/12/2023: N/A)
	Money market fund – RMB106,461,000	N/A	Level 2 (31/12/2023: N/A)	Price provided by the financial institutions (31/12/2023: N/A)	N/A (31/12/2023: N/A)
	Structured deposit – RMB132,300,000	N/A	Level 2 (31/12/2023: N/A)	Recent transaction prices (31/12/2023: N/A)	N/A (31/12/2023: N/A)
	Private fund investing in listed equity instruments – RMB104,466,000	Private fund investing in listed equity instruments – RMB42,982,000	Level 2 (31/12/2023: Level 2)	Price provided by the fund management company (31/12/2023: Price provided by the fund management company)	N/A (31/12/2023: N/A)
	Private fund investing in unlisted equity instruments and other assets – RMB24,803,000	Private fund investing in unlisted company and other assets – RMB19,617,000	Level 3 (31/12/2023: Level 3)	Asset-based approach (31/12/2023: Asset-based approach)	Recent transaction price of the underlying assets of the fund (31/12/2023: Recent transaction price of the underlying assets of the fund)
	10 percent interest in a partnership engaged in investments on the consumer industry, corporate services and entertainment sectors – RMB31,243,000	10 percent interest in a partnership engaged in investments on the consumer industry, corporate services and entertainment sectors – RMB31,532,000	Level 3 (31/12/2023: Level 3)	Asset-based approach (31/12/2023: Asset-based approach)	Recent transaction price of the underlying assets of the partnership (31/12/2023: Recent transaction price of the underlying assets of the partnership)
Equity Instruments at FVTOCI	**14 percent equity interest in Chengdu Cangmo engaged in security investment – RMB7,110,000**	N/A	Level 2 (31/12/2023: N/A)	Recent transaction approach (31/12/2023: N/A)	N/A (31/12/2023: N/A)
	15 percent equity interest in Chengdu Weiying engaged in security investment – RMB5,000,000	N/A	Level 2 (31/12/2023: N/A)	Recent transaction approach (31/12/2023: N/A)	N/A (31/12/2023: N/A)
	5 percent equity interest in Guangzhou Qianniao internet Technologies Co. engaged in security investment – RMB1,000,000	N/A	Level 2 (31/12/2023: N/A)	Recent transaction approach (31/12/2023: N/A)	N/A (31/12/2023: N/A)
	5 percent equity interest in Youhu Technologies (Shanghai) Co. engaged in security investment – RMB17,330,000	N/A	Level 3 (31/12/2023: N/A)	Market approach (31/12/2023: N/A)	Enterprise value-to-sales: 25.06 Liquidity discount ratio: 33.47% (31/12/2023: N/A)
	5 percent equity interest in Spirejoy Pte. Ltd. engaged in security investment – RMB2,999,000	5 percent equity interest in Spirejoy Pte. Ltd. engaged in security investment – RMB1,499,000	Level 3 (31/12/2023: Level 2)	Market approach (31/12/2023: Recent transaction approach)	Price earnings ratio: 7.54 liquidity discount ratio: 33.50% (31/12/2023: N/A)

42. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(ii) Reconciliation of Level 3 fair value measurements

	Equity instruments at FVTPL	
	2024	2023
	RMB'000	RMB'000
At 1 January	**51,149**	—
Purchase	**—**	16,716
Disposal	**—**	—
Transfer from Level 2	**—**	30,000
Gain from changes in fair value in profit or loss	**4,897**	4,433
At 31 December	**56,046**	51,149

	Equity instruments at FVTOCI	
	2024	2023
	RMB'000	RMB'000
At 1 January	**—**	5,808
Purchase	**16,500**	—
Transfer from Level 2	**1,499**	—
Gain (loss) from changes in fair value in other comprehensive expense (expense)	**2,330**	(5,808)
At 31 December	**20,329**	—

Of the total gains or losses for the year included in profit or loss, amount of RMB4,897,000 gain (2023: RMB1,514,000 gain) relates to private fund and 10 percent interest in a partnership at the end of the current reporting period. Fair value gains or losses on private fund and 10 percent interest in a partnership are included in 'other gains and losses'.

Included in other comprehensive income is an amount of RMB2,330,000 gain (2023: RMB5,808,000 loss) relating to unlisted equity securities classified as equity instruments at FVTOCI held at the end of the current reporting period and is reported as fair value through other comprehensive reserve.

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis.

The directors of the Company consider that the carrying amounts of the Group's financial assets and liabilities measured at amortized cost approximate their fair values.

43. COMMITMENT

	31/12/2024 RMB'000	31/12/2023 RMB'000
Commitments to contribute funds to		
financial assets at FVTPL	**70,000**	70,000
investment in associates	**2,800**	9,800
investment in joint ventures	**–**	20,000
Total	**72,800**	99,800