

祖龙娱乐
ARCHOSAUR GAMES

祖龙娱乐有限公司
Archosaur Games Inc.

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

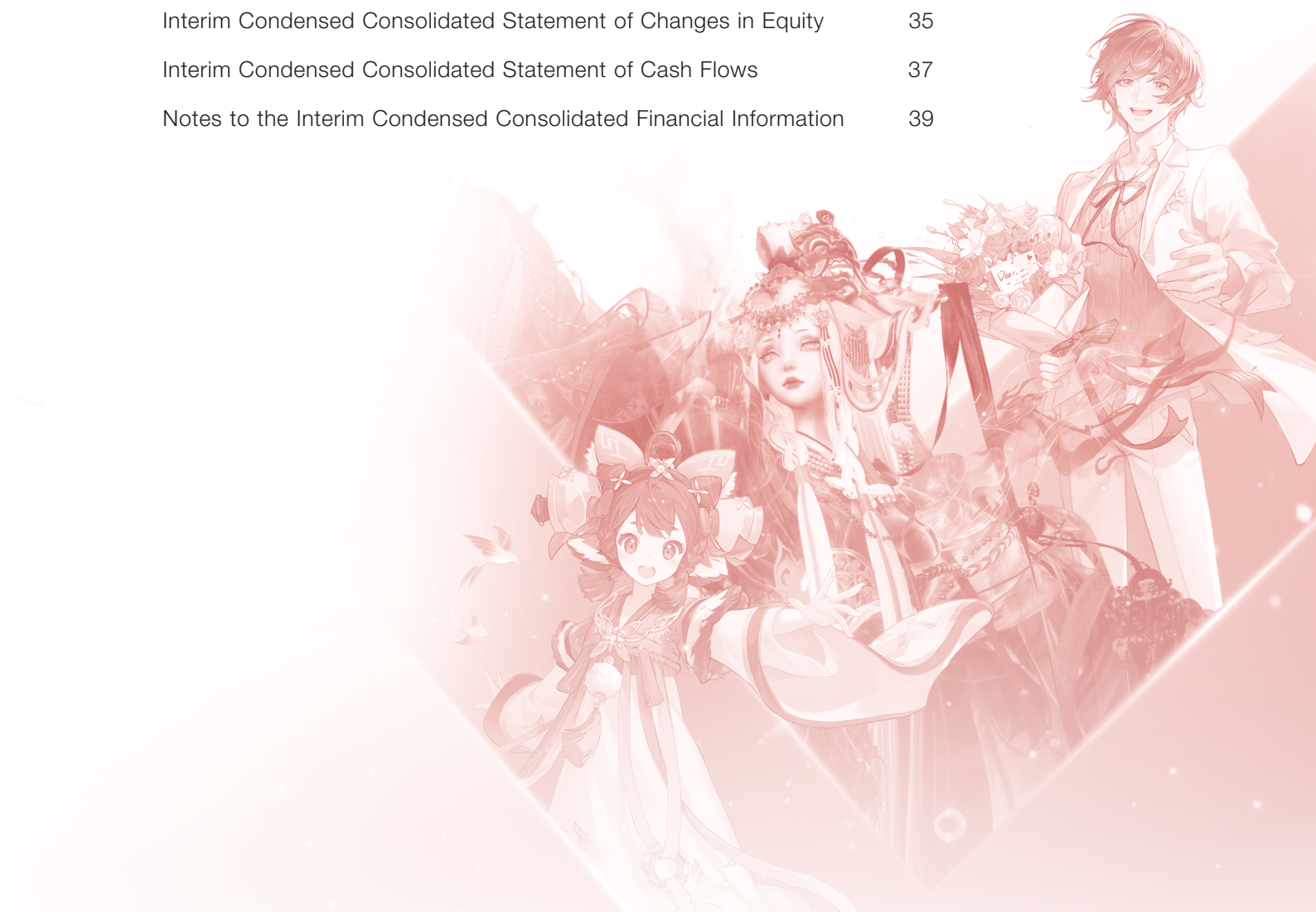
Stock Code 股份代號 : 9990



2025
中期報告
Interim Report

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Definitions

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company” or “Archosaur Games”	Archosaur Games Inc. 祖龙娱乐有限公司, an exempted company incorporated under the laws of the Cayman Islands with limited liability, whose Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 9990)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Cresc Chorus”	Cresc Chorus Limited, a business company incorporated under the laws of the BVI with limited liability and one of the controlling Shareholders of the Company
“Director(s)”	the director(s) of the Company
“Eligible Employee”	any full-time employee (excluding any director) of the Company and any subsidiary in accordance with the terms of the Share Option Scheme
“Eligible Participant(s)”	any Eligible Employee who may be invited by the Board to take up Options in accordance with the terms of the Share Option Scheme
“Exercise Price”	the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option in accordance with the terms of the Share Option Scheme
“Global Offering”	the initial public offering of the Shares for subscription by the public and the institutional, professional, corporate and other investors
“Grantee”	any Eligible Participant who accepts an Offer in accordance with the terms of the Share Option Scheme or (where the context so permits) his personal representative(s) who is/are entitled to any Option in consequence of the death of the original Grantee
“Group”, “we” or “us”	the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of our Company by virtue of certain contractual arrangements, or, where the context so requires, in respect of the period before our Company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)

Definitions

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	IFRS Accounting Standards
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	the date on which the Shares initially commenced their dealings on the Stock Exchange, i.e. 15 July 2020
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“LuckQ”	LuckQ Technology Limited, a business company incorporated under the laws of the BVI with limited liability and one of the controlling Shareholders of the Company
“MMORPG”	massively multiplayer online role-playing game, a genre of games that combine role-playing games and massively multiplayer online games in which a large number of players interact with one another within a virtual world
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Offer”	an offer for the grant of an Option in accordance with the terms of the Share Option Scheme
“Option”	an option to subscribe for the Shares granted in accordance with the terms of the Share Option Scheme
“Perfect World”	Perfect World Co., Ltd.* (完美世界股份有限公司), a company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002624)
“Perfect World Games”	Perfect World Games Co., Ltd.* (完美世界遊戲有限責任公司), a company established under the laws of the PRC with limited liability on 14 November 2008
“Perfect World Holding”	Perfect World Holding Group Co., Ltd.* (完美世界控股集團有限公司), a company established under the laws of the PRC with limited liability on 14 August 2013
“Perfect World Holding Group”	Perfect World Holding and/or its respective affiliate(s)

Definitions

“Perfect World Interactive”	Perfect World Interactive Entertainment Co., Ltd., an exempted company incorporated under the laws of the Cayman Islands with limited liability and holds 16.55% of the Shares as at 30 June 2025
“PRC”	the People’s Republic of China
“Pre-IPO RSU(s)”	restricted share units granted in accordance with the terms of the Pre-IPO RSU Scheme
“Pre-IPO RSU Scheme”	the restricted share unit scheme of the Company approved and adopted by the Board on 1 April 2020, in its present form or as may be amended from time to time
“Prospectus”	the prospectus of the Company dated 30 June 2020
“Reporting Period”	the period for the six months ended 30 June 2025
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share units granted in accordance with the terms of the RSU Scheme
“RSU Scheme”	the restricted share unit scheme of the Company approved and adopted by the Shareholders on 22 December 2022, in its present form or as may be amended from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Share Option Scheme”	the share option scheme of the Company adopted by the Shareholders on 5 February 2021 and subsequently amended on 22 December 2022, in its present form or as may be amended from time to time
“Share(s)”	ordinary share(s) of US\$0.00001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“SLG”	simulation games, a genre of games that attempt to emulate various activities from real life in the game format
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

Definitions

“subsidiary(ies)”	for the purpose of this interim report, has the meaning ascribed to it in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and includes companies whose financial results have been consolidated and accounted as the subsidiaries of the Company by virtue of certain contractual arrangements
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Tencent”	Tencent Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 700), and/or its subsidiaries (as the case may be), and holds 17.19% of the Shares as at 30 June 2025
“treasury shares”	has the meaning ascribed to it in the Listing Rules
“Unreal Engine 4” and “Unreal Engine 5”	game engines developed by Epic Games
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

* For identification purpose only in this interim report

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Qing (*Chairman and chief executive officer*)

Mr. Bai Wei

Non-executive Directors

Mr. Li Nachuan

Mr. Lu Xiaoyin

Independent Non-executive Directors

Ms. Wang Jing

Mr. Zhu Lin

Mr. Ding Zhiping

AUDIT COMMITTEE

Mr. Zhu Lin (*Chairman*)

Ms. Wang Jing

Mr. Ding Zhiping

REMUNERATION COMMITTEE

Ms. Wang Jing (*Chairperson*)

Mr. Ding Zhiping

Mr. Li Qing

NOMINATION COMMITTEE

Mr. Li Qing (*Chairman*)

Ms. Wang Jing

Mr. Ding Zhiping

RISK MANAGEMENT COMMITTEE

Mr. Ding Zhiping (*Chairman*)

Mr. Li Qing

Mr. Zhu Lin

JOINT COMPANY SECRETARIES

Ms. Hao Lili

Ms. Zhang Xiao

AUTHORIZED REPRESENTATIVES

Mr. Li Qing

Ms. Zhang Xiao

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

and Registered Public Interest Entity Auditor

22/F, Prince's Building

Central, Hong Kong

LEGAL ADVISERS

As to Hong Kong laws

Eric Chow & Co. in Association with

Commerce & Finance Law Offices

3401, Alexandra House

18 Chater Road

Central

Hong Kong

REGISTERED OFFICE IN CAYMAN ISLANDS

Harneys Fiduciary (Cayman) Limited

4/F, Harbour Place

103 South Church Street, P.O. Box 10240

Grand Cayman KY1-1002

Cayman Islands

Corporate Information

HEADQUARTERS

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Dongcheng District, Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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103 South Church Street, P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

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17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

China Merchants Bank Co., Ltd.
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Yongyang West Road
Yangcun Town
Wuqing District, Tianjin
PRC

China Everbright Bank Co., Ltd.
Deshengmen Branch
11th Floor, Beiguang Plaza
23 Huangsi Street
Xicheng District, Beijing
PRC

Industrial Bank Co., Ltd.
Beijing Haidian Branch
1st Floor, Beijing Aerospace CPMIEC Building
Haidian District, Beijing
PRC

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Hong Kong

COMPANY WEBSITE

www.zulong.com

STOCK CODE

9990

Financial Performance Highlights

	For the six months ended 30 June		
	2025 RMB million (Unaudited)	2024 RMB million (Unaudited)	Change %
Revenue	634.3	439.4	44.4%
Cost of revenue	(181.5)	(117.7)	54.2%
Gross profit	452.8	321.7	40.8%
Research and development expenses	(265.5)	(264.1)	0.5%
Selling and marketing expenses	(222.3)	(172.7)	28.7%
Administrative expenses	(44.8)	(47.0)	(4.7%)
Net impairment (losses)/reversal on financial assets	(0.3)	2.6	(111.5%)
Other income	4.0	1.7	135.3%
Other gains, net	39.3	3.8	934.2%
Operating loss	(36.8)	(154.0)	(76.1%)
Finance income	24.1	26.0	(7.3%)
Finance costs	(0.4)	(1.4)	(71.4%)
Finance income, net	23.7	24.6	(3.7%)
Share of results of investments accounted for using the equity method	3.0	(3.5)	(185.7%)
Loss before income tax	(10.1)	(132.9)	(92.4%)
Income tax expense	(1.6)	(1.1)	45.5%
Loss for the period	(11.7)	(134.0)	(91.3%)
Non-IFRS measure:			
Adjusted net loss ⁽¹⁾	(7.7)	(120.4)	(93.6%)

Note:

- (1) We define adjusted net loss as loss for the period adjusted by the add back of share-based compensation expenses. We eliminate the impact of the item that our management does not consider to be indicative of our operating performance considering it is non-cash in nature.

Management Discussion and Analysis

BUSINESS REVIEW

Our mission is to be a top-class gaming company in the world, serving global game players by continuously creating industry-leading games of various genres with excellent online entertainment experience.

We are a pioneer in China's mobile game industry focusing on developing high-quality mobile MMORPGs, female-oriented, strategy card games, SLGs and other genres, and our strength in research and development has been proven over and over again. We continue to provide superior game content to players and have won excellent market reputation.

"Polishing products with sincerity and paving the way on innovation" is the core spirit we have been always upholding. Deepening our technical research into the Unreal Engine and building next-generation 3A realistic rendering effects and immersive scene and character experience are the areas where we continue to focus our efforts. We deeply explore the application of AI in game development, and enhance the dynamic vitality of games by means such as embedding intelligent NPCs (Non-Player Characters) in games and combining UGC (User Generated Content) and AIGC (Artificial Intelligence Generated Content). We further implement our integrated R&D and operation strategy for global development, customize differentiated strategies for different markets, strengthen deep local penetration and value enhancement in each regional market on the basis of continuing to adhere to "going out", and achieve steadily a deeper level of development.

OUR EXISTING GAMES

As at the date of this interim report, we had launched 24 mobile games with multiple regional versions in 14 languages available in more than 170 regional markets. The high-quality and diversified game portfolio that we offered had excellent market reputation.

Life Makeover (以閃亮之名) is an ultra-free fashionable female-oriented mobile game which was developed by new generation of female production and planning team of the Company. Since its launch, the game has ranked among top 10 of the Bestsellers Games Chart for iOS in Chinese mainland more than ten times with strong performance. With the improvement of R&D and operational efficiency, following the record-breaking monthly profit in January 2025 since its launch, in the first half of 2025, it recorded significant year-on-year and half-year-on-half-year growth in profit. The game introduced its global official ambassador, Litchi Kitten (荔枝喵), to bring warm emotional companionship to players relying on large language model, which won widespread praise from players. The theme song Mother Goddess Nuo 《母神儺》 of Feast of Dance (踏歌神饗) version of the game, which was updated in July 2025, had more than 3 million views within three days of its launch on Bilibili, and has been launched on multiple music platforms, attracting great attention from players. The game continues to be updated with high quality, carrying out joint events with Happy Valley, Empresses in the Palace 《甄嬛傳》, Gugong Gongyuan (故宮宮苑), Ele.me, etc., driving a significant increase in the activity of game users. In the first half of 2025, the average DAU (Daily Active Users) in Chinese mainland surpassed the average DAU of the whole years of 2024 and 2023, respectively. Especially with the updates in summer season and market promotion such as large-scale live streams, the average DAU during the summer season (July and August) reached its peak since 2025. The official Weibo of Life Makeover (以閃亮之名) has accumulated about 20 million retweets, comments and likes, and the TapTap platform has a consistently high rating of 9.0. The game was launched in South Korea on 10 September 2025, reaching the top of both the iOS and Google Play Free Games Charts within 24 hours, and ranking the second place on the iPad Free Games Chart. Subsequently, the game topped the Free Charts of iOS and Google Play in South Korea for several consecutive days and received an Editor's Choice (編輯推薦) from Apple. As at the date of this interim report, the global cumulative gross billings of Life Makeover (以閃亮之名) exceeded RMB2 billion.

Management Discussion and Analysis

Dragon Raja: Cassell Gate (龍族：卡塞爾之門) is a strategy card game adapted and developed based on the Dragon Raja (龍族) series of novels and animations and powered by Unreal Engine 4. In April 2025, it was launched in China's Hong Kong, Macao and Taiwan regions, topping the Top Free Games Chart of the iOS App Store in the pre-download stage, and then ranked fifth and sixth on the Bestsellers Games Chart of the iOS App Store in Hong Kong, China and Taiwan, China. The game was launched in Southeast Asia on 14 August 2025. On the first day of launch in Thailand, it entered the top three of Top Free Games Chart of the iOS App Store and remained in the top five for several consecutive days. The game launched the first UR (Ultra Rare) twin partner "Chu Zihang (楚子航) & Xia Mi (夏彌)" in Chinese mainland in July 2025, bringing differentiated surprises to players. With the launch of new themed events and meticulous operational planning during the summer season, the game's MAU (Monthly Active Users) and average DAU in Chinese mainland during the summer season demonstrated significant growth compared to the first half of 2025. The game launched its anniversary celebration events on 12 September 2025: releasing the anniversary OST (original soundtrack) album, broadcasting on the landmark screens at the Sinar Mas Plaza (白玉蘭廣場) in Shanghai and the Twin Towers (雙子塔) in Chengdu, etc. The DAU and daily gross billings in Chinese mainland hit a new high since 2025 after the opening of the anniversary celebration events. On the basis of adhering to the two main lines of numerical value and content, we strengthen the iteration frequency of the content line, use season-based gameplay to meet the freshness of players focusing on numerical progression, and improve the vitality of the game users through joint activities with Want Want, Dunhuang, the anime the Seven Deadly Sins (七人傳奇, also known as 七大罪), China Post, etc., continuing to see a significant increase in new users and maintain long-term stickiness of users even one year after the launch in Chinese mainland. As an outstanding strategy card game, this product has been widely recognized and praised from all sectors since its launch. Its exceptional performance demonstrated our strong capabilities of self-development and self-publishment in the card game genre, further reinforcing our commitment to long-term operation.

Immortal Skywalker (踏風行) is a Chinese-style idle RPG mobile game in cultivation themes powered by Unreal Engine 4. With excellent art performance, the game highly fulfills players' fantasy of cultivation games, and at the same time, enables different types of players to get good gaming experience and establishes a healthy and harmonious game ecology through social gameplay. The game was officially launched in Chinese mainland on 16 May 2025, and topped the Top Free Games Chart of the iOS App Store on the day of pre-download.

It is particularly noteworthy that the Company launched the MMORPG mobile game Dragon Raja (龍族幻想) powered by Unreal Engine 4 in July 2019 and the turn-based MMORPG mobile game Fantasy Zhuxian (夢幻誅仙) in November 2016, which have been in operation for more than 6 and 8 years respectively since their launch. Compared to the corresponding period in 2024 and the second half of 2024, Fantasy Zhuxian (夢幻誅仙), which was already in its mature stage, bucked the trend and achieved positive growth in gross billings and new users in the first half of 2025, demonstrating the long-term viability of turn-based MMORPG games. Our R&D team updated the games with extremely high personnel efficiency ratio, ensuring the playability of the games and the long-term stability of monthly gross billings.

For a number of classic games under operation such as Under the Firmament (鴻圖之下), Love & Sword (御劍情緣), Sango Heroes: The Hegemony (三國群英傳：鴻鵠霸業), Loong Craft (六龍爭霸) and World of Kings (萬王之王 3D), the Company continued to invest and maintain, and built a healthy long-term operational ecosystem of the games through events such as anniversary celebrations and version updates, with the performance of each game being relatively stable and continuing to contribute to the Group's revenue.

Management Discussion and Analysis

OUR GAME PIPELINE

To build up a diversified game portfolio across a wide range of genres, seven game products are expected to be launched globally over the period from the second half of 2025 to 2027, covering different genres of games.

As at the date of this interim report, the table below sets out certain information regarding our new games which are expected to be launched for the periods indicated, including title, genre, IP source, development stage, expected launch year and major markets.

Title ⁽¹⁾	Genre ⁽¹⁾	IP source ⁽¹⁾	Development stage as at the date of this interim report ⁽¹⁾	Expected launch year ⁽¹⁾	Major markets ⁽¹⁾⁽²⁾
2025					
Dragon Raja: Cassell Gate (龍族: 卡塞爾之門)	Strategy Card Game	Licensed IP	— ⁽³⁾	2025	Southeast Asia
Life Makeover (以閃亮之名)	Female-oriented Game	Original IP	— ⁽⁴⁾	2025	South Korea
2026					
Dragon Raja: Cassell Gate (龍族: 卡塞爾之門)	Strategy Card Game	Licensed IP	Game Testing	2026	Japan, South Korea and other parts of the world
Immortal Skywalker (踏風行)	Idle RPG	Original IP	Game Testing	2026	Asia (except Chinese mainland)
Project Code: Free and Unfettered (逍遙)	MMORPG	Original IP	Game Production	2026	Chinese mainland
Project K ⁽⁵⁾	Female-oriented Game	Original IP	Game Production	2026	Worldwide
2027					
Project G	Strategy Card Game	Licensed IP	Game Production	2027	Worldwide
Project Code: One	Action Shooting Game	Original IP	Game Proposal	2027	Worldwide

Notes:

- (1) The game pipeline is for indicative purpose only as at the date of this interim report. The title, genre, IP source, development stage, expected launch year, major markets and other information of each game in the pipeline may be subject to further changes according to their respective development and pre-approval status.
- (2) The major markets refer to target publishing markets. The games will be launched successively in different regions according to their respective publishing plans.
- (3) Dragon Raja: Cassell Gate (龍族: 卡塞爾之門) was launched in Southeast Asia on 14 August 2025.
- (4) Life Makeover (以閃亮之名) was launched in South Korea on 10 September 2025.
- (5) Project I has been renamed to Project K.

Management Discussion and Analysis

The introduction of several new games in our game pipeline is provided as follows:

Project Code: Free and Unfettered (逍遙) is a turn-based MMORPG game. It combines Chinese style and cartoon aesthetics, dedicating to creating an immersive turn-based experience for players. The game cleverly uses Chinese elements to organically combine cultural depth with artistic beauty, allowing players to deeply feel the charm of traditional Chinese culture while enjoying the fun of the game. Through its meticulously designed cultivation system and rich worldview, the game leads players into a fantastical world brimming with emotions and adventures. The external test of the game is scheduled to be carried out in the second half of 2025.

Project G is a strategy card game adapted from famous IP and set in a Western fantasy setting.

Project K is a female-oriented game powered by Unreal Engine 5.

During the Reporting Period, we recorded revenue of RMB634.3 million, representing an increase of 44.4% as compared with RMB439.4 million for the same period in 2024, which was primarily attributable to the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) and Immortal Skywalker (踏風行) in Chinese mainland in the second half of 2024 and the first half of 2025 respectively, as well as the sustained steady performance of Life Makeover (以閃亮之名). In the future, with the expansion of our product genres from MMORPGs, female-oriented, strategy cards and SLGs to idle RPG and other more diversified games, and with a variety of styles and the continuous improvement of our organic model of integrating R&D and operation, the lifecycle of our games is expected to be further extended, which will make a more stable and sustainable contribution to the Group's revenue.

Management Discussion and Analysis

FINANCIAL REVIEW REVENUE

The following table sets forth the breakdown of our revenue by business segment for the periods indicated:

	For the six months ended 30 June			
	2025		2024	
	RMB million	% of total	RMB million	% of total
	(Unaudited)	revenue	(Unaudited)	revenue
Development and licensing	55.1	8.7%	62.0	14.1%
– Revenue share	51.6	8.1%	57.5	13.1%
– Non-refundable fixed licensing fees	3.5	0.6%	4.5	1.0%
Integrated game publishing and operation	579.0	91.3%	376.5	85.7%
Others	0.2	0.0%	0.9	0.2%
Total	634.3	100.0%	439.4	100.0%

For the six months ended 30 June 2025, our revenue from development and licensing was RMB55.1 million, representing a decrease of 11.1% from RMB62.0 million for the corresponding period in 2024, and our revenue from integrated game publishing and operation was RMB579.0 million, representing an increase of 53.8% from RMB376.5 million for the corresponding period in 2024.

The following table sets forth the breakdown of our revenue by geographical segment for the periods indicated:

	For the six months ended 30 June			
	2025		2024	
	RMB million	% of total	RMB million	% of total
	(Unaudited)	revenue	(Unaudited)	revenue
Chinese mainland	511.7	80.7%	304.0	69.2%
Areas outside Chinese mainland	122.6	19.3%	135.4	30.8%
Total	634.3	100.0%	439.4	100.0%

For the six months ended 30 June 2025, our revenue generated from market in Chinese mainland was RMB511.7 million, representing an increase of 68.3%, from RMB304.0 million for the corresponding period in 2024, and our revenue generated from areas outside Chinese mainland was RMB122.6 million, representing a decrease of 9.5%, from RMB135.4 million for the corresponding period in 2024.

The increase in total revenue was mainly attributable to (i) the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) and Immortal Skywalker (踏風行) in Chinese mainland in the second half of 2024 and the first half of 2025 respectively, as well as (ii) the sustained steady performance of Life Makeover (以閃亮之名) during the Reporting Period.

Management Discussion and Analysis

COST OF REVENUE

The following table sets out a breakdown of our cost of revenue by nature in absolute amounts and as percentages of our cost of revenue for the periods indicated:

	For the six months ended 30 June			
	2025		2024	
	RMB million (Unaudited)	% of cost of revenue	RMB million (Unaudited)	% of cost of revenue
Commissions charged by distribution channels and payment channels	135.2	74.5%	86.4	73.4%
Commissions charged by IP holders	19.9	11.0%	9.6	8.2%
Bandwidth and servers custody fee	13.3	7.3%	11.8	10.0%
Employee benefit expenses	6.4	3.5%	6.2	5.3%
Depreciation and amortization charges	3.7	2.0%	1.2	1.0%
Others	3.0	1.7%	2.5	2.1%
Total	181.5	100.0%	117.7	100.0%

Our cost of revenue primarily consisted of (i) commissions charged by distribution channels and payment channels; (ii) commissions charged by IP holders; and (iii) bandwidth and servers custody fee. Our cost of revenue increased to RMB181.5 million for the six months ended 30 June 2025 as compared with RMB117.7 million for the corresponding period in 2024. The growing trend was in line with the increase in the revenue of the integrated game publishing and operation business.

GROSS PROFIT AND GROSS PROFIT MARGIN

For the six months ended 30 June 2025, the gross profit of the Group increased by 40.8% to RMB452.8 million as compared with RMB321.7 million for the corresponding period in 2024, which was primarily attributable to revenue growth driven by the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) and Immortal Skywalker (踏風行) in Chinese mainland in the second half of 2024 and the first half of 2025 respectively, as well as the sustained steady performance of Life Makeover (以閃亮之名) during the Reporting Period. The gross profit margin of the Group decreased to 71.4% for the six months ended 30 June 2025 from 73.2% for the corresponding period in 2024, remaining largely consistent with the comparable period.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses primarily consisted of (i) employee benefit expenses; (ii) outsourced technical services; and (iii) depreciation and amortization charges. For the six months ended 30 June 2025, our research and development expenses increased by 0.5% to RMB265.5 million as compared with RMB264.1 million for the corresponding period in 2024. The slight increase was attributable to our ongoing cost control in employee benefit expenses.

Management Discussion and Analysis

SELLING AND MARKETING EXPENSES

Our selling and marketing expenses primarily consisted of (i) promotion and advertising expenses; and (ii) employee benefit expenses. For the six months ended 30 June 2025, our selling and marketing expenses increased by 28.7% to RMB222.3 million as compared with RMB172.7 million for the corresponding period in 2024, mainly attributable to (i) the launch of Immortal Skywalker (踏風行) in Chinese mainland during the Reporting Period, and (ii) the ongoing promotion and advertising expenses incurred for Dragon Raja: Cassell Gate (龍族: 卡塞爾之門). It was partially offset by reduced advertising expenditures for Life Makeover (以閃亮之名) as it transitioned to steady-state operations.

ADMINISTRATIVE EXPENSES

Our administrative expenses primarily consisted of (i) employee benefit expenses; and (ii) utilities and office expenses. For the six months ended 30 June 2025, our administrative expenses decreased by 4.7% to RMB44.8 million as compared with RMB47.0 million for the corresponding period in 2024, mainly attributable to our cost control in administrative expenses.

OTHER INCOME

Our other income primarily consisted of (i) interest income on other financial assets at amortized cost; and (ii) government grants. For the six months ended 30 June 2025, our other income increased by 135.3% to RMB4.0 million as compared with RMB1.7 million for the corresponding period in 2024, due to the interest income generated from the other financial assets at amortized cost held by the Group during the Reporting Period, which was partially offset by a decrease in government grants.

OTHER GAINS, NET

Our net other gains primarily consisted of (i) net foreign exchange gains/(losses); and (ii) gains on financial assets at fair value through profit or loss. For the six months ended 30 June 2025, our net other gains increased by 934.2% to RMB39.3 million as compared with RMB3.8 million for the corresponding period in 2024, mainly attributable to the net foreign exchange gains.

FINANCE INCOME, NET

Finance income represented interest income from bank deposits, including bank balance and term deposits. Finance costs primarily consisted of interest expenses accrued from our lease liabilities. For the six months ended 30 June 2025, our net finance income decreased by 3.7% to RMB23.7 million as compared with RMB24.6 million for the corresponding period in 2024, remaining relatively stable during the comparable period.

Management Discussion and Analysis

INCOME TAX EXPENSE

Our income tax expense consisted of current income tax expense and deferred income tax expense/(credit), and we incurred total income tax expense of RMB1.6 million for the six months ended 30 June 2025, compared with RMB1.1 million for the corresponding period in 2024, mainly attributable to the partial utilization of deferred income tax assets related to promotion and advertising expenses in prior periods.

ADJUSTED NET LOSS

The adjusted net loss for the six months ended 30 June 2025 amounted to RMB7.7 million as compared with adjusted net loss of RMB120.4 million for the corresponding period in 2024. Such decrease in loss was primarily attributable to (i) revenue growth driven by the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) and Immortal Skywalker (踏風行) in Chinese mainland in the second half of 2024 and the first half of 2025 respectively, as well as the sustained steady performance of Life Makeover (以閃亮之名); and (ii) the net gains on foreign exchange, which was partially offset by the increase in promotion and advertising expenses.

The Company believes that adjusted net loss for the six months ended 30 June 2025, as compared with loss for the six months ended 30 June 2025 as reported under the IFRS, can better reflect the underlying operating performance of the Group as well as facilitate period to period comparison. The use of these non-IFRS measures has limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The following table sets forth the reconciliations of the Group's non-IFRS financial measures for the six months ended 30 June 2025 and 2024 to the nearest measures prepared in accordance with IFRS:

	For the six months ended 30 June	
	2025	2024
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Reconciliation of loss for the period to adjusted net loss for the period:		
Loss for the period	(11.7)	(134.0)
Add back:		
Share-based compensation expenses	<u>4.0</u>	<u>13.6</u>
Adjusted net loss for the period	<u>(7.7)</u>	<u>(120.4)</u>

LIQUIDITY AND FINANCIAL RESOURCES

We have historically funded our cash requirements principally from cash generated from operations, and to a lesser extent, equity financing. We adopt a prudent treasury management policy to ensure that our Group maintains a healthy financial position. Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, cash generated from operations and available facilities of the Group, and the net proceeds from the issuance of ordinary shares relating to the initial public offering, and after diligent and careful investigation, the Directors are of the view that the Group has sufficient working capital required for the Group's operations at present.

Management Discussion and Analysis

The following table sets out our cash flows for the periods indicated:

	For the six months ended 30 June		
	2025	2024	
	RMB million (Unaudited)	RMB million (Unaudited)	Change %
Net cash used in operating activities	(36.1)	(68.3)	(47.1%)
Net cash (used in)/from investing activities	(117.7)	112.7	(204.4%)
Net cash used in financing activities	(16.2)	(43.5)	(62.8%)
Net (decrease)/increase in cash and cash equivalents	(170.0)	0.9	(18988.9%)
Cash and cash equivalents at the beginning of the period	433.7	555.0	(21.9%)
Exchange (losses)/gains on cash and cash equivalents	(2.0)	2.6	(176.9%)
Cash and cash equivalents at the end of the period	261.7	558.5	(53.1%)

Operating Activities

For the six months ended 30 June 2025, net cash used in operating activities was RMB36.1 million, compared with RMB68.3 million for the corresponding period in 2024, representing a decrease of 47.1%. The decrease was mainly attributable to the growth in cash inflows from the gaming business.

Investing Activities

For the six months ended 30 June 2025, net cash used in investing activities was RMB117.7 million, compared with RMB112.7 million generated from investing activities for the corresponding period in 2024, mainly attributable to an increase in the purchases of term deposits during the Reporting Period.

Financing Activities

For the six months ended 30 June 2025, net cash used in financing activities was RMB16.2 million, compared with RMB43.5 million for the corresponding period in 2024, representing a decrease of 62.8%. The decrease was mainly attributable to the prepayments made to stockbrokers in the prior period for the share repurchase arrangements in the Reporting Period.

Management Discussion and Analysis

GEARING RATIO

As at 30 June 2025, our gearing ratio, which is calculated as total liabilities divided by total assets, was 23.7%, as compared with 19.0% as at 31 December 2024.

CAPITAL EXPENDITURE

Our capital expenditure comprised expenditures on purchase of intangible assets and purchase of property, plant and equipment. For the six months ended 30 June 2025 and 2024, total capital expenditure amounted to RMB4.4 million and RMB16.0 million respectively, representing a decrease of 72.5%. The decrease was mainly attributable to the decrease in payment for intangible assets purchases.

SIGNIFICANT INVESTMENTS HELD/FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS

Subscription of Wealth Management Products

In 2024, Archosaur Entertainment Limited, a wholly-owned subsidiary of the Company, subscribed for the wealth management products (i.e. the notes in the principal amount of US\$9.8 million and the bonds in the principal amount of US\$10.1 million) through Morgan Stanley Bank Asia Limited (“**Morgan Stanley Asia**”). As at 30 June 2025, none of such wealth management products had expired.

During the six months ended 30 June 2025, the Group held the following significant investments with the same counterparty which represent 5% or more of the total assets of the Group as at 30 June 2025 and are measured at amortized cost⁽¹⁾:

Name of investment	Investment date	Nature of product	Cost ⁽²⁾ (RMB million)	Carry amount as at 30 June 2025 (RMB million)	Expected annualized yield %	Dividends received (RMB million)	Gains incurred for the six months ended 30 June 2025 (RMB million)	Percentage to the Group's total assets as at 30 June 2025 %
Relevant Financial Products of Morgan Stanley Asia								
STEP-DOWN FIXED RATE CALLABLE NOTES	9 January 2024	Fixed-rate notes	70.1	71.8	1st year: 5.68%, 2nd year: 5.38%, 3rd year: 5.08%, 4th year: 4.78%, 5th year: 4.48%	N/A	1.9	2.6%
US TREASURY NOTE	3 July 2024	US Treasury Note	72.0	72.3	4.43%	N/A	1.6	2.7%
Total			142.1	144.1			3.5	5.3%

Notes:

(1) These investments are held for collection of contractual cash flows and the contractual cash flows of these investments qualify for solely payments of principal and interest, hence they are measured at amortized costs.

(2) Such costs of the investments are translated into RMB at the exchange rate as at 30 June 2025.

Management Discussion and Analysis

Description of Relevant Financial Products of Morgan Stanley Asia

In 2024, the Group subscribed for relevant financial products of Morgan Stanley Asia, including STEP-DOWN FIXED RATE CALLABLE NOTES and US TREASURY NOTE. Among them, the carrying amount of the STEP-DOWN FIXED RATE CALLABLE NOTES, measured at amortized cost was approximately RMB71.8 million as at 30 June 2025. The expected annualized yields of the products are 5.68% in the first year, 5.38% in the second year, 5.08% in the third year, 4.78% in the fourth year and 4.48% in the fifth year. The carrying amount of US TREASURY NOTE was measured at amortized cost which amounted to approximately RMB72.3 million as at 30 June 2025, with an expected annualized yield of 4.43%. The sources of funds for the investment in the relevant financial products of Morgan Stanley Asia are the Company's internal resources.

Significant Investment Strategy

The Board believes that reasonable and effective utilization of temporary idle funds will enhance the capital gain of the Company, which accords with the core objectives of the Company to ensure capital safety and liquidity and meets the working capital requirements of the Group's daily operations. Having considered the level of risk involved in the subscriptions of wealth management products and compared different price quotes, the Company is of the view that such subscriptions will deliver relatively stable returns. The subscriptions of wealth management products have been made on the premise that the Group has the working capital requirements for the daily operations. The Group has fully assessed and measured the risks and returns of the subscriptions of wealth management products as well as the future capital requirements, which will not affect the normal operation of the daily working capital and the development of our principal business operations.

For further details, please refer to the announcement of the Company dated 3 July 2024.

Save as disclosed in this interim report, as at 30 June 2025, there was no significant investment held by the Group or future plans for significant investments or capital assets, and none of each individual investment held by the Group constituted 5% or above of the total assets of the Group as at 30 June 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the six months ended 30 June 2025, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures.

CHARGE ON ASSETS

As at 30 June 2025, no property, plant and equipment was pledged.

CONTINGENT LIABILITIES

As at 30 June 2025, we did not have any unrecorded significant contingent liabilities.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, we employed approximately 1,052 full-time staff in total, approximately 76.0% of whom are research and development personnel. Substantially all of our employees are based in China, primarily at our headquarters in Beijing, with the remainder in Chengdu, Changchun, Shanghai and Hainan. For the six months ended 30 June 2025, cost of employees' remuneration and benefit was approximately RMB276.4 million as compared with RMB274.6 million for the six months ended 30 June 2024.

We are committed to establishing a competitive and fair remuneration and benefits environment for our employees. To effectively motivate our business development team through remuneration incentives and ensure that our employees receive competitive remuneration packages, we continually refine our remuneration and incentive policies through market research and comparisons with our competitors. We conduct monthly performance evaluations to provide employee performance feedback, and report conduct quarterly selections to affirm and encourage outstanding employees. Remuneration for our employees typically consists of a base salary and performance-based and year-end bonuses. To incentivize our Directors, senior management and employees of the Group for their contribution to our Group, the Company adopted the Pre-IPO RSU Scheme, the RSU Scheme and the Share Option Scheme. For details, please refer to "RSU Schemes" and "Share Option Scheme" under the section headed "OTHER INFORMATION" in this interim report.

As required by PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including housing provident fund, pension insurance, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance.

We provide regular and specialized training tailored to the needs of our employees in different departments. We regularly organize training sessions conducted by senior employees or external consultants, covering various aspects of our business operations, including overall management, project execution and technical know-how. We constantly review the content of training and follow up with employees to evaluate the effect of such training. Through the training, we help our employees to stay up to date with both industry development, skills and technologies. We also organize workshops, from time to time, to discuss specific topics.

FOREIGN CURRENCY EXCHANGE RISKS

For the six months ended 30 June 2025, most of transactions of the Group and our cash and cash equivalents were denominated in RMB, US\$ and HK\$. The management team closely monitors foreign currency exchange risks to ensure that appropriate measures are implemented in a timely and effective manner. For the six months ended 30 June 2025, the Group has not incurred any significant foreign currency exchange losses in its operations. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

Management Discussion and Analysis

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Shares have been listed on the Stock Exchange since 15 July 2020. The net proceeds raised from the Global Offering (after taking account of the exercise of over-allotment option), after deduction of the underwriting fees and commissions and other expenses payable by the Company in connection with the Global Offering, were approximately HK\$2,358.5 million.

The below table sets forth the proposed and actual applications of the net proceeds from the Listing Date to 30 June 2025:

Use of net proceeds	Percentage	Net proceeds	The amount	As at 30 June 2025		Expected timeline for utilizing the remaining net proceeds ⁽¹⁾
		from the Global Offering (HK\$ million)	utilized during the Reporting Period (HK\$ million)	Utilized amount (HK\$ million)	Unutilized amount (HK\$ million)	
Enhancing the development capabilities and technology and expanding our game portfolio	40%	943.5	-	943.5	-	-
Expanding game publishing and operation business, particularly in markets outside Chinese mainland	20%	471.7	-	471.7	-	-
Funding strategic acquisition of and investment in upstream and downstream businesses along the industry value chain and investment in investment funds focusing on pan-entertainment or technology, media, and telecom	20%	471.7	-	225.6	246.1	2025.07-2026.12
Expanding the IP reserve and enriching our content offerings	10%	235.8	-	235.8	-	-
Working capital and general corporate uses	10%	235.8	-	235.8	-	-
Total	100%	2,358.5	-	2,112.4	246.1	

Note:

- (1) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to changes based on the current and future development of the market conditions.

Management Discussion and Analysis

Since the Listing Date and up to 30 June 2025, approximately HK\$2,112.4 million out of net proceeds from the Global Offering had been used.

As disclosed in the 2024 annual report of the Company, the timeline of utilizing the remaining net proceeds in respect of funding strategic acquisition of and investment in upstream and downstream businesses along the industry value chain and investment in investment funds focusing on pan-entertainment or technology, media and telecom was extended to December 2026, and the delay in the use of such net proceeds was mainly attributable to additional time required for and more cautious approach taken by the Group to look for suitable acquisition and investment targets due to the unstable and uncertain external factors.

As at the date of this interim report, there was no change in the intended use of net proceeds and the expected timeline as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus and the paragraphs headed “Use of Net Proceeds from Global Offering” in the 2024 annual report of the Company.

To the extent that net proceeds are not immediately used for the intended use, the Company currently intends to place such proceeds in short-term interest bearing instruments, such as liquid fixed income securities, short-term bank deposits, short-term and low risk wealth management products or money market instruments with licensed commercial banks or other authorized financial institutions so long as it is deemed to be in the best interests of the Company.

EVENTS AFTER REPORTING PERIOD

The Group did not have any significant events after the Reporting Period.

Other Information

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

As at 30 June 2025, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director or chief executive	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of the Company's issued share capital ⁽²⁾
Mr. Li Qing ⁽³⁾	Interest in controlled corporation	282,266,802	35.23%
Mr. Bai Wei ⁽⁴⁾	Interest in controlled corporation	15,447,304	1.93%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 801,196,130 Shares in issue as 30 June 2025.
- (3) 278,329,802 Shares were held through Cresc Chorus, a company owned as to 81.96% by LuckQ, which in turn is wholly-owned by Mr. Li Qing, and 3,937,000 Shares were held through Pondweed Holdings Limited, a company wholly-owned by Mr. Li Qing. Accordingly, Mr. Li Qing was deemed to be interested in such Shares held by Cresc Chorus and Pondweed Holdings Limited for the purpose of Part XV of the SFO.
- (4) These Shares were held by Wade Data Services Limited ("**Wade Data**") which was wholly-owned by Mr. Bai Wei. Accordingly, Mr. Bai Wei was deemed to be interested in such Shares held by Wade Data for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 June 2025, none of the Directors or the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as our Directors are aware, as at 30 June 2025, the following persons have interests or short positions in Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be maintained by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of the Company's issued share capital ⁽²⁾
Mr. Li Qing ⁽³⁾	Interest in controlled corporation	282,266,802	35.23%
Cresc Chorus ⁽³⁾	Beneficial owner	278,329,802	34.74%
LuckQ ⁽³⁾	Interest in controlled corporation	278,329,802	34.74%
Perfect World Interactive ⁽⁴⁾	Beneficial owner	132,593,999	16.55%
Perfect Game Speed Company Limited ⁽⁴⁾	Interest in controlled corporation	132,593,999	16.55%
Perfect Freedom Company Limited ⁽⁴⁾	Interest in controlled corporation	132,593,999	16.55%
Beijing Perfect World Software Technology Development Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	132,593,999	16.55%
Perfect World Games ⁽⁴⁾	Interest in controlled corporation	132,593,999	16.55%
Perfect World ⁽⁴⁾	Interest in controlled corporation	132,593,999	16.55%
Mr. Chi Yufeng (池宇峰) ⁽⁴⁾	Interest in controlled corporation	132,593,999	16.55%
Image Frame ⁽⁵⁾	Beneficial owner	105,077,999	13.12%
Tencent ⁽⁵⁾	Interest in controlled corporation	137,698,399	17.19%

Notes:

- (1) All interests stated are long positions.
- (2) The percentages represented the number of Shares over the total issued share capital of the Company as at 30 June 2025 of 801,196,130 Shares.
- (3) Based on the latest disclosure of interest form filed by each of Cresc Chorus, LuckQ and Mr. Li Qing, Cresc Chorus was owned as to 81.96% by LuckQ, which was in turn wholly-owned by Mr. Li Qing. Accordingly, each of LuckQ and Mr. Li Qing was deemed to be interested in all the Shares held by Cresc Chorus by virtue of the SFO.
- (4) Based on the confirmation by Perfect World Holding Group as at 30 June 2025, Perfect World Interactive was wholly-owned by Perfect Game Speed Company Limited, which was in turn wholly-owned by Perfect Freedom Company Limited. Perfect Freedom Company Limited was wholly-owned by Beijing Perfect World Software Technology Development Co., Ltd., which was in turn wholly-owned by Perfect World Games. Perfect World Games was wholly-owned by Perfect World, which was in turn owned as to 32.36% by Mr. Chi Yufeng. Accordingly, each of Perfect Game Speed Company Limited, Perfect Freedom Company Limited, Beijing Perfect World Software Technology Development Co., Ltd., Perfect World Games, Perfect World and Mr. Chi Yufeng was deemed to be interested in all the Shares held by Perfect World Interactive by virtue of the SFO.
- (5) Based on the latest disclosure of interest form filed by Tencent as at 30 June 2025, 105,077,999 Shares were held through Image Frame Investment (HK) Limited ("**Image Frame**"), a company wholly-owned by Tencent, and 32,620,400 Shares were held through Image Flag Investment (HK) Limited ("**Image Flag**"), a company wholly-owned by Tencent. Accordingly, Tencent was deemed to be interested in all the Shares held by Image Frame and Image Flag by virtue of the SFO.

Other Information

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any person (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

RSU SCHEMES

The Company adopted the Pre-IPO RSU Scheme and the RSU Scheme on 1 April 2020 and on 22 December 2022, respectively. Details of the Pre-IPO RSU Scheme are set out in the Prospectus and details of the RSU Scheme are set out in the circular of the Company dated 22 November 2022.

Pre-IPO RSU Scheme

Details of movements of the Pre-IPO RSUs granted under the Pre-IPO RSU Scheme during the six months ended 30 June 2025 are set out below:

Participants	Date of grant	Vesting period	Share (HK\$)	Exercise price per RSUs (HK\$)	Number of outstanding Pre-IPO RSUs at 1 January 2025	Number of Pre-IPO RSUs granted during the Reporting Period	Number of Pre-IPO RSUs vested during the Reporting Period	Number of Pre-IPO RSUs exercised during the Reporting Period	Weighted average closing price immediately before the dates of vesting during the Reporting Period (HK\$)	Number of Pre-IPO RSUs cancelled during the Reporting Period	Number of Pre-IPO RSUs lapsed during the Reporting Period	Number of Pre-IPO RSUs outstanding at 30 June 2025
Employees	1 April 2020-30 August 2022 ⁽¹⁾	3 years ⁽²⁾	–	/	299,100	–	275,100	248,856	1.52	–	12,000	12,000

Notes:

- (1) The dates of grant are 1 April 2020, 24 June 2020, 1 February 2021, 29 March 2021, 25 August 2021, 25 March 2022 and 30 August 2022.
- (2) The Pre-IPO RSUs are exercisable in installments from the commencement of the relevant vesting period until ten years after the grant date. For the Pre-IPO RSUs granted prior to the Listing Date, 40% of the Pre-IPO RSUs can be exercised 1 year after the Listing Date, 30% of the Pre-IPO RSUs can be exercised 2 years after the Listing Date and the remaining 30% of the Pre-IPO RSUs can be exercised 3 years after the Listing Date. Save as disclosed above and subject to the terms of the Pre-IPO RSU Scheme and conditions stated in the letter containing the offer, 40% of the Pre-IPO RSUs can be exercised 1 year after the grant date, 30% of the Pre-IPO RSUs will become exercisable 2 years after the grant date and the remaining 30% of the Pre-IPO RSUs will become exercisable 3 years after the grant date.

Other Information

RSU Scheme

Details of movements of the RSUs granted under the RSU Scheme during the six months ended 30 June 2025 are set out below:

Participants	Date of grant	Vesting period	Conversion price per Share (HK\$)	Conversion price of the cancelled RSUs (HK\$)	Number of outstanding RSUs at 1 January 2025	Number of RSUs granted during the Reporting Period	Number of RSUs vested during the Reporting Period	Number of RSUs converted during the Reporting Period	Weighted average closing price immediately before the dates of vesting during the Reporting Period (HK\$)	Number of RSUs cancelled during the Reporting Period	Number of RSUs lapsed during the Reporting Period	Number of outstanding RSUs at 30 June 2025
Employees	6 April 2023– 13 June 2025 ⁽¹⁾⁽²⁾	3 years ⁽³⁾	-	/	4,905,000	1,050,000	2,307,000	610,117	1.36	-	420,000	3,228,000

Notes:

- (1) The dates of grant are 6 April 2023, 29 August 2023, 29 August 2024, 4 November 2024, 25 March 2025 and 13 June 2025.
- (2) For details of fair value of the RSUs at the date of grant and the accounting standard and policies adopted, please refer to Note 24 (b) to the consolidated financial statements on page 64 to 65 of this interim report.

The fair value in respect of the RSUs granted by the Company on 25 March 2025 and 13 June 2025 at the date of grant was HK\$1.39 and HK\$1.67, respectively.
- (3) The RSUs are exercisable in installments from the commencement of the relevant vesting period until ten years after the grant date. Vesting in tranches within 3 years from the date of grant; each 12-month period is an evaluation period commencing from the date on which the RSUs are granted to the grantee, which is a total of three evaluation periods. The grantee will receive 40% of the RSUs granted to him/her upon the expiry of the first evaluation period; 30% of the RSUs granted to him/her upon the expiry of the second evaluation period; the remaining 30% of the RSUs granted to him/her upon the expiry of the third evaluation period.
- (4) The closing prices of the Shares immediately before the dates of grant were as follows:
 - HK\$1.52 (date of grant: 25 March 2025); and
 - HK\$1.77 (date of grant: 13 June 2025).

SHARE OPTION SCHEME

The Company adopted and amended the Share Option Scheme at the general meetings on 5 February 2021 and on 22 December 2022, respectively. Details of the Share Option Scheme are set out in the circular of the Company dated 22 November 2022.

Other Information

Details of the movement of Options granted under the Share Option Scheme during the six months ended 30 June 2025 are as below:

Participants	Date of grant	Vesting period	Exercise Price per Share (HK\$)	Exercise price per Share of the cancelled Options (HK\$)	Number of outstanding Options at 1 January 2025	Number of Options granted during the Reporting Period	Number of Options exercised during the Reporting Period	Weighted average closing price immediately before the dates of exercising during the Reporting Period	Number of Options cancelled during the Reporting Period	Number of Options lapsed during the Reporting Period	Number of outstanding Options at 30 June 2025
Employees	7 January 2022	From 7 January 2022 to 14 April 2024 ⁽²⁾	8.72	/	4,105,783	-	-	-	-	293,000	3,812,783

Notes:

- (1) For details of fair value of the Options at the date of grant and the accounting standard and policies adopted, please refer to Note 24 (a) to the consolidated financial statements on page 63 to 64 of this interim report.
- (2) The Options are exercisable in installments from the commencement of the relevant vesting period until 7 January 2032. Subject to the terms of the Share Option Scheme and conditions stated in the letter containing the Offer, 40% of Options can be exercised after 14 April 2022, 30% of the Options can be exercisable after 14 April 2023 and the remaining 30% of the Options can be exercisable after 14 April 2024.

None of the grantees of Options, Pre-IPO RSUs and RSUs (i) is a Director, chief executive or substantial shareholder of the Company, or their respective associate; or (ii) is granted or to be granted in excess of the 1% individual limit.

The number of Options, Pre-IPO RSUs and RSUs available for grant under the scheme mandate was 53,444,678 as at 1 January 2025 and 53,119,678 as at 30 June 2025. The number of Shares that may be issued in respect of Options and RSUs granted under all schemes of the Company during the six months ended 30 June 2025 divided by the weighted average number of Shares in issue for the six months ended 30 June 2025 is 0.13%.

MOVEMENTS IN SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in Note 22 to the consolidated financial statements on page 61 to this interim report.

Other Information

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2025, the Board considered the repurchases of Shares could enhance the net value of the Group and improve the return on equity and will benefit the Company and the Shareholders as a whole, thus the Company repurchased a total of 817,000 Shares on the Stock Exchange at a total consideration of HK\$971,100. All such repurchased Shares were yet to be cancelled as at 30 June 2025.

Details of the aforementioned repurchases are set out as follows:

Month of repurchase	Total number of Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Total purchase price paid (HK\$)
April 2025	817,000	1.29	1.16	971,100
Total	817,000			971,100

Save as disclosed above, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period. As at 30 June 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules. During the six months ended 30 June 2025, the Company has complied with all applicable code provisions as set out in Part 2 of the Corporate Governance Code save for the deviation from code provision C.2.1 of the Corporate Governance Code.

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Li Qing is the executive Director, chairman of the Board and the chief executive officer of the Company. With extensive experience in the information technology and game industry, Mr. Li Qing is responsible for the overall management, decision-making and strategy planning of the Group and has been instrumental to the Group's growth and business expansion since the establishment of the Group. Since Mr. Li Qing is one of the key persons for the Group's management, the Board considers that vesting the roles of chairman and chief executive officer in the same person, Mr. Li Qing, would not create any potential harm to the interest of the Group and it is, on the contrary, beneficial to the management of the Group. In addition, the operation of the senior management of the Group and the Board, which are comprised of experienced individuals, effectively checks and balances the power and authority of Mr. Li Qing. The Board currently comprises two executive Directors (including Mr. Li Qing), two non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Board will continue to review the effectiveness of the corporate governance structure in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Other Information

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code during the six months ended 30 June 2025.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and the knowledge of the Directors, the Company maintained sufficient public float during the six months ended 30 June 2025.

INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

There is no change in the information of the Directors and chief executive of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the date of the 2024 annual report of the Company and up to the date of this interim report.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. As at the date of this interim report, the Audit Committee consists of three members, namely Mr. Zhu Lin, Ms. Wang Jing and Mr. Ding Zhiping. Mr. Zhu Lin is the chairman of the Audit Committee.

REVIEW OF THE INTERIM REPORT

The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2025 and the interim report of the Group for the six months ended 30 June 2025. The Audit Committee has no disagreement with the accounting treatment in unaudited interim condensed consolidated financial information and this interim report. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2025.

By order of the Board

Li Qing

Chairman

Beijing, China, 22 August 2025

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF ARCHOSAUR GAMES INC.

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 31 to 72, which comprises the interim condensed consolidated balance sheet of Archosaur Games Inc. (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2025 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion 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.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 22 August 2025

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	6	634,366	439,432
Cost of revenue	9	(181,545)	(117,686)
Gross profit		452,821	321,746
Research and development expenses	9	(265,481)	(264,104)
Selling and marketing expenses	9	(222,313)	(172,711)
Administrative expenses	9	(44,748)	(47,009)
Net impairment (losses)/reversal on financial assets	9	(335)	2,555
Other income	7	4,038	1,750
Other gains, net	8	39,257	3,804
Operating loss		(36,761)	(153,969)
Finance income	10	24,053	26,013
Finance costs	10	(411)	(1,442)
Finance income, net	10	23,642	24,571
Share of results of investments accounted for using the equity method	17	3,022	(3,483)
Loss before income tax		(10,097)	(132,881)
Income tax expense	11	(1,633)	(1,160)
Loss for the period		(11,730)	(134,041)
Loss attributable to:			
– Owners of the Company		(11,730)	(134,041)
– Non-controlling interests		–	–
		(11,730)	(134,041)
Loss per share attributable to owners of the Company for the period (in RMB per share)	12		
– Basic		(0.01)	(0.17)
– Diluted		(0.01)	(0.17)

The above interim condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Loss for the period		(11,730)	(134,041)
Other comprehensive (loss)/income, net of tax:			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		(2,484)	3,145
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences		(31,156)	14,273
Total comprehensive loss for the period		(45,370)	(116,623)
Attributable to:			
– Owners of the Company		(45,370)	(116,623)
– Non-controlling interests		–	–
		(45,370)	(116,623)

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Balance Sheet

As at 30 June 2025

	Note	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	14	6,109	9,404
Right-of-use assets	16	141,304	18,361
Intangible assets	15	95,386	102,590
Investments accounted for using the equity method	17	67,620	64,598
Prepayments, other receivables and other assets	19	12,524	12,439
Term deposits		154,262	173,097
Financial assets at fair value through profit or loss	5.3, 20	239,677	235,317
Other financial assets at amortized cost	21	142,096	142,705
Deferred income tax assets		16,871	17,770
		875,849	776,281
Current assets			
Trade receivables	18	128,594	120,023
Prepayments, other receivables and other assets	19	104,449	95,518
Financial assets at fair value through profit or loss	5.3, 20	454,016	443,508
Term deposits		879,785	729,341
Cash and cash equivalents		261,653	433,689
		1,828,497	1,822,079
Total assets		2,704,346	2,598,360
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	22	55	55
Share premium	22	6,994,048	6,980,625
Other reserves	23	(1,632,284)	(1,588,338)
Accumulated losses		(3,298,788)	(3,287,058)
		2,063,031	2,105,284
Non-controlling interests		—	—
Total equity		2,063,031	2,105,284

Interim Condensed Consolidated Balance Sheet

As at 30 June 2025

	Note	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Contract liabilities	6	22,482	23,697
Lease liabilities	16	111,693	–
Deferred income tax liabilities		3,164	3,021
		<u>137,339</u>	<u>26,718</u>
Current liabilities			
Trade and other payables	25	185,017	192,883
Contract liabilities	6	286,919	251,721
Current income tax liabilities		6,590	6,205
Lease liabilities	16	25,450	15,549
		<u>503,976</u>	<u>466,358</u>
Total liabilities		<u>641,315</u>	<u>493,076</u>
Total equity and liabilities		<u>2,704,346</u>	<u>2,598,360</u>

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The Interim Condensed Consolidated Financial Information on pages 31 to 72 was approved by the Board of Directors of the Company on 22 August 2025 and was signed on its behalf by:

Li Qing
Director

Bai Wei
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
(Unaudited)						
Balance at 1 January 2025		<u>55</u>	<u>6,980,625</u>	<u>(1,588,338)</u>	<u>(3,287,058)</u>	<u>2,105,284</u>
Comprehensive loss						
Loss for the period		-	-	-	(11,730)	(11,730)
Other comprehensive loss						
Currency translation differences		<u>-</u>	<u>-</u>	<u>(33,640)</u>	<u>-</u>	<u>(33,640)</u>
Total comprehensive loss		<u>-</u>	<u>-</u>	<u>(33,640)</u>	<u>(11,730)</u>	<u>(45,370)</u>
Transactions with owners in their capacity as owners						
Share-based compensation	24(c)	-	-	4,018	-	4,018
Vesting of restricted share units	22, 23	-	13,423	(13,423)	-	-
Repurchase of shares	22, 23	<u>-</u>	<u>-</u>	<u>(901)</u>	<u>-</u>	<u>(901)</u>
Total transactions with owners in their capacity as owners		<u>-</u>	<u>13,423</u>	<u>(10,306)</u>	<u>-</u>	<u>3,117</u>
Balance at 30 June 2025		<u>55</u>	<u>6,994,048</u>	<u>(1,632,284)</u>	<u>(3,298,788)</u>	<u>2,063,031</u>

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
(Unaudited)						
Balance at 1 January 2024		55	6,964,953	(1,631,263)	(2,999,812)	2,333,933
Comprehensive loss						
Loss for the period		-	-	-	(134,041)	(134,041)
Other comprehensive income						
Currency translation differences		-	-	17,418	-	17,418
Total comprehensive loss		-	-	17,418	(134,041)	(116,623)
Transactions with owners in their capacity as owners						
Share-based compensation	24(c)	-	-	13,577	-	13,577
Vesting of restricted share units	22, 23	-	20,390	(20,390)	-	-
Repurchase and cancellation of shares	22, 23	-	(5,056)	-	-	(5,056)
Total transactions with owners in their capacity as owners		-	15,334	(6,813)	-	8,521
Balance at 30 June 2024		55	6,980,287	(1,620,658)	(3,133,853)	2,225,831

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

		Six months ended 30 June	
	Note	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash used in operations		(38,078)	(75,439)
Interest received		2,535	8,347
Income tax paid		(536)	(1,221)
Net cash used in operating activities		(36,079)	(68,313)
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,090)	(286)
Payments for intangible assets purchases		(3,260)	(15,748)
Purchases of other financial assets at amortized cost		–	(69,590)
Purchases of financial assets at fair value through profit or loss	20	(128,110)	(278,699)
Investments in term deposits		(503,591)	(398,902)
Proceeds from maturity of financial assets at fair value through profit or loss		116,673	482,838
Decrease in restricted cash		–	26,399
Proceeds from maturity of term deposits		369,396	344,975
Interest income from term deposits		18,983	17,353
Investment income from financial assets at fair value through profit or loss		6,789	3,133
Interest income from other financial assets at amortized cost		5,591	–
Repayment of loan from related party		700	1,100
Proceeds from disposal of property, plant and equipment		198	139
Net cash (used in)/from investing activities		(117,721)	112,712

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cash flows from financing activities			
Principal elements of lease payments		(16,002)	(15,345)
Interest paid on lease liabilities		(201)	(930)
Payments for shares repurchase		—	(27,274)
Net cash used in financing activities		(16,203)	(43,549)
Net (decrease)/increase in cash and cash equivalents		(170,003)	850
Cash and cash equivalents at the beginning of the period		433,689	555,033
Exchange (losses)/gains on cash and cash equivalents		(2,033)	2,595
Cash and cash equivalents at the end of the period		261,653	558,478

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Interim Condensed Consolidated Financial Information

1 GENERAL INFORMATION

Archosaur Games Inc. (the “Company”) was incorporated in the Cayman Islands on 2 January 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the development and operating of mobile games in the People’s Republic of China (the “PRC”) and other countries and regions (the “Group’s Business”).

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 15 July 2020 (“Listing” or “IPO”).

The interim condensed consolidated financial information for the six months ended 30 June 2025 is presented in Renminbi and all values are rounded to the nearest thousand (RMB’000) unless otherwise indicated. The interim condensed consolidated financial information for the six months ended 30 June 2025 has been approved by the Board of Directors of the Company on 22 August 2025.

This interim condensed consolidated financial information for the six months ended 30 June 2025 has not been audited.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”). This interim condensed consolidated financial information should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2024 (the “2024 Financial Statements”), which have been prepared in accordance with IFRS Accounting Standards.

Certain comparative information on the interim condensed consolidated balance sheet has been reclassified to conform with the current period presentation.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those set out in the 2024 Financial Statements.

(a) New and amended standards adopted by the Group

The Group has applied the following amended standards for the first time for the current reporting period commencing 1 January 2025:

Standards and amendments	Effective for annual periods beginning on or after
Amendments to IAS 21 on Lack of Exchangeability	1 January 2025

The adoption of the above amendments to IFRS Accounting Standards in the current period has had no material effect on the Group’s interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information

3 ACCOUNTING POLICIES *(Continued)*

(b) New standards, amendments and annual improvements not yet adopted

Certain new standards, amendments and annual improvements have been published that are not mandatory in this interim condensed consolidated financial information and have not been early adopted by the Group.

Standards and amendments	Effective for annual periods beginning on or after
Amendment to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
Amendment to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

These new and amended accounting standards and annual improvements are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except for the adoption of IFRS 18 for the reporting periods beginning on or after 1 January 2027.

Even though IFRS 18 does not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of profit or loss and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those that applied to the Company's 2024 Financial Statements.

Notes to the Interim Condensed Consolidated Financial Information

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's 2024 Financial Statements.

5.2 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 analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the statements to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total contractual cash flows RMB'000
Group					
At 30 June 2025					
(Unaudited)					
Trade and other payables (excluding payroll liabilities and tax payables) (Note 25)	142,037	-	-	-	142,037
Lease liabilities	29,841	29,537	90,382	-	149,760
	<u>171,878</u>	<u>29,537</u>	<u>90,382</u>	<u>-</u>	<u>291,797</u>
At 31 December 2024					
(Audited)					
Trade and other payables (excluding payroll liabilities and tax payables) (Note 25)	115,893	-	-	-	115,893
Lease liabilities	15,752	-	-	-	15,752
	<u>131,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,645</u>

Notes to the Interim Condensed Consolidated Financial Information

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at 30 June 2025 and 31 December 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the Group's financial assets that are measured at fair value as at 30 June 2025 and none of the Group's financial liabilities is measured at fair value:

(Unaudited)

As at 30 June 2025	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Current				
Investments in wealth management products (Note 20)	-	-	201,846	201,846
Other fund investments (Note 20)	-	-	193,748	193,748
Structured investments (Note 20)	-	-	58,422	58,422
	-	-	454,016	454,016
Non-current				
Investments in private equity funds and venture capital funds (Note 20)	-	-	151,789	151,789
Structured investments (Note 20)	-	-	50,647	50,647
Preferred shares investments (Note 20)	-	-	28,484	28,484
Other fund investments (Note 20)	-	-	5,229	5,229
Other ordinary share investments (Note 20)	-	-	3,528	3,528
	-	-	239,677	239,677
	-	-	693,693	693,693

Notes to the Interim Condensed Consolidated Financial Information

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation *(Continued)*

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

(Audited)

As at 31 December 2024	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Current				
Investments in wealth management products (Note 20)	–	–	244,330	244,330
Other fund investments (Note 20)	–	–	199,178	199,178
	–	–	443,508	443,508
Non-current				
Investments in private equity funds and venture capital funds (Note 20)	–	–	152,076	152,076
Structured investments (Note 20)	–	–	48,242	48,242
Preferred shares investments (Note 20)	–	–	31,471	31,471
Other ordinary share investments (Note 20)	–	–	3,528	3,528
	–	–	235,317	235,317
	–	–	678,825	678,825

The movements of these level 3 instruments of financial assets at fair value through profit or loss for the six months ended 30 June 2025 and 2024 have been disclosed in Note 20. There were no transfers among Levels 1, 2 and 3 during the periods.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The net asset value of the investments;
- The latest round financing, i.e. the prior transaction price or the third-party pricing information;
- Other techniques, such as discounted cash flow analysis and comparable company approach, are used to determine fair value for financial instruments.

The Group has a team that manages the valuation of level 3 instruments for financial reporting purpose. The team manages the valuation exercise of the investments on a case by case basis. At least once a year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

Notes to the Interim Condensed Consolidated Financial Information

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation *(Continued)*

The components of the level 3 instruments include investments in wealth management products, preferred shares investments, other ordinary share investments, investments in private equity funds and venture capital funds, other fund investments and structured investments. As these instruments are not traded in an active market, their fair values have been determined by using applicable methodologies.

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurement of the aforementioned instruments.

Description	Fair value		Significant unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	As at	As at		As at	As at	
	30 June	31 December		30 June	31 December	
	2025	2024		2025	2024	
	RMB'000	RMB'000				
	(Unaudited)	(Audited)				
Investments in wealth management products	201,846	244,330	Expected rate of return	1.48% to 2.91%	1.47% to 3.41%	The higher the expected rate of return, the higher the fair value.
Preferred share investments (Note (a))	28,484	31,471	Expected volatility	48.88%	44.80% to 50.76%	The higher the expected volatility, the lower the fair value.
			Risk-free rate	3.95%	1.10% to 4.64%	The higher the risk-free rate, the higher the fair value.
			Discount for lack of marketability ("DLOM")	29.00%	29.00% to 30.00%	The higher the DLOM, the lower the fair value.
Other ordinary share investments (Note (a))	3,528	3,528	Expected volatility	50.01% to 52.52%	50.41% to 56.07%	The higher the expected volatility, the higher the fair value.
			Risk-free rate	1.36% to 1.38%	0.94% to 1.19%	The higher the risk-free rate, the higher the fair value.
			DLOM	30.00%	31.00%	The higher the DLOM, the lower the fair value.
Investments in private equity funds and venture capital funds (Note (b))	151,789	152,076	Net asset value	N/A	N/A	The higher the net asset value, the higher the fair value.
Other fund investments (Note (c))	198,977	199,178	Net asset value	N/A	N/A	The higher the net asset value, the higher the fair value.
Structured investments (Note (c))	109,069	48,242	Net asset value	N/A	N/A	The higher the net asset value, the higher the fair value.
	693,693	678,825				

Notes to the Interim Condensed Consolidated Financial Information

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation *(Continued)*

Notes:

- (a) The Group determines the fair values of preferred share investments and other ordinary share investments as at the reporting date by using the applicable valuation technique.
- (b) The fair value of investments in private equity funds and venture capital funds are primarily valued based on the net asset values in the latest available consolidated financial statements and valuation reports as provided by their general partners.
- (c) The fair value of other fund investments and structured investments are determined based on the reported net asset values of the respective instruments as provided by fund managers or their issuers.

6 SEGMENT INFORMATION AND REVENUE

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker (i.e. the executive directors of the Company). As a result of this evaluation, the directors of the Company consider that the Group's operations are operated and managed as a single segment and no segment information is presented, accordingly.

As at 30 June 2025 and 31 December 2024, substantially all of the non-current assets of the Group were located in the PRC.

Revenue for the six months ended 30 June 2025 and 2024 are as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Online game revenue		
– Development and licensing		
<i>Revenue share</i>	51,648	57,478
<i>Non-refundable fixed licensing fees</i>	3,498	4,537
– Integrated game publishing and operation	579,036	376,527
– Others	184	890
	634,366	439,432
Timing of revenue recognition		
– At a point in time	51,832	57,773
– Over time	582,534	381,659
	634,366	439,432

The Group considered itself as an agent in arrangements of “development and licensing business”, and recorded revenue on a net basis; whereas, the Group considered itself as a principal in arrangements of “integrated game publishing and operation business”, and recorded revenue on a gross basis.

Notes to the Interim Condensed Consolidated Financial Information

6 SEGMENT INFORMATION AND REVENUE (Continued)

Revenues of approximately RMB53,463,000 and RMB62,237,000 for the six months ended 30 June 2025 and 2024, respectively were derived from five largest single external customers.

During the six months ended 30 June 2025, no revenue derived from a single external customer accounted for more than 10% of the Group's total revenue.

During the six months ended 30 June 2024, revenue of approximately RMB47,742,000 was derived from a single external customer which accounted for more than 10% of the Group's total revenue.

The Group's revenue from external customers analyzed by location of the customers is shown in the table below.

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue by geographical segment		
Chinese mainland	511,688	303,983
Areas outside Chinese mainland	122,678	135,449
	634,366	439,432

The Group has recognised the following assets and liabilities related to contracts with customers:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Contract costs		
Current		
Costs to fulfil contracts for online game revenue	63,722	54,377
Contract liabilities		
Current		
Unamortised revenue from sales of in-game virtual items	270,174	233,201
Revenue share received in advance	5,388	5,093
Unamortised balance of the non-refundable fixed licensing fees	11,357	13,427
	286,919	251,721
Non-Current		
Unamortised balance of the non-refundable fixed licensing fees	22,482	23,697
	309,401	275,418

Notes to the Interim Condensed Consolidated Financial Information

6 SEGMENT INFORMATION AND REVENUE *(Continued)*

Contract costs are mainly related to contract fulfilment costs, which primarily consist of unamortized commissions charged by the distribution channels. They are capitalized as contract fulfilment costs and amortized over their respective player relationship periods, which is consistent with the pattern of recognition of the associated revenue.

Contract liabilities primarily represent the unamortized revenue from sales of in-game virtual items in the Group's online game services, the non-refundable fixed licensing fees and revenue share received in advance from customers, which the Group continued to have obligations as at the reporting date.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue recognised that was included in the contract liability balance at the beginning of the period</i>		
Unamortised revenue from sales of in-game virtual items	225,673	176,646
Revenue share received in advance	–	1,568
Unamortised balance of the non-refundable fixed licensing fees	3,354	3,170
	<u>229,027</u>	<u>181,384</u>

7 OTHER INCOME

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income on other financial assets at amortized cost	3,458	–
Government grants (note)	580	1,750
	<u>4,038</u>	<u>1,750</u>

Note:

Government grants represented various subsidies received from local government authorities in the PRC. There are no unfulfilled conditions or contingencies related to the above government grants.

Notes to the Interim Condensed Consolidated Financial Information

8 OTHER GAINS, NET

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Gains on financial assets at fair value through profit or loss (Note 20)	11,789	10,784
Foreign exchange gains/(losses), net	26,635	(9,597)
Others	833	2,617
	39,257	3,804

9 EXPENSES BY NATURE

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Employee benefit expenses	276,378	274,568
Promotion and advertising expenses	186,676	144,971
Commissions charged by distribution channels and payment channels	135,196	86,444
Outsourced technical services	34,735	29,949
Depreciation and amortization charges (Notes 14, 15 and 16)	26,748	25,438
Commissions charged by IP holders	19,872	9,600
Bandwidth and servers custody fee	13,351	11,820
Utilities and office expenses	9,343	8,401
Other professional consulting fees	2,672	2,409
VAT input transfer out and tax surcharges	2,174	2,340
Travelling expenses	1,832	2,297
Auditors' remuneration	1,023	1,000
– Audit services	1,000	1,000
– Non-audit services	23	–
Net impairment losses/(reversal) on financial assets	335	(2,555)
Others	4,087	2,273
	714,422	598,955

Notes to the Interim Condensed Consolidated Financial Information

10 FINANCE INCOME, NET

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income		
Interest income	24,053	26,013
Finance costs		
Interest expenses on lease liabilities (Note 16)	(201)	(962)
Others	(210)	(480)
	(411)	(1,442)
Finance income, net	23,642	24,571

11 INCOME TAX EXPENSE

The income tax expense of the Group for the six months ended 30 June 2025 and 2024 is analyzed as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax expense	591	1,327
Deferred income tax expense/(credit)	1,042	(167)
	1,633	1,160

(a) Cayman Islands and British Virgin Islands ("BVI") Income Tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Group entities established under the International Business Companies Acts of BVI are exempted from BVI income taxes.

(b) Hong Kong Income Tax

The entity incorporated in Hong Kong is subject to Hong Kong profits tax of which the tax rate is 8.25% for assessable profits in the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million for the six months ended 30 June 2025 and 2024, based on the existing legislation, interpretations and practices in respect thereof.

Notes to the Interim Condensed Consolidated Financial Information

11 INCOME TAX EXPENSE *(Continued)*

(c) Enterprise Income Tax (“EIT”)

The income tax provision of the Group in respect of its operations in Chinese mainland was calculated at the tax rate of 25% on the assessable profits for the six months ended 30 June 2025 and 2024, based on the existing legislation, interpretations and practices in respect thereof.

Tianjin Loong Technology Co., Ltd. (祖龍(天津)科技股份有限公司) (“Tianjin Loong”) qualified as a “High and New Technology Enterprise” (“HNTE”) under the EIT law in 2017. In November 2023, Tianjin Loong renewed its HNTE qualification and is therefore entitled to a preferential income tax rate of 15% on its assessable profits for three-year periods from November 2023 to November 2026.

Huai’an Loong Technology Co., Ltd. (淮安祖龍科技有限公司) (“Huai’an Loong”) is qualified as a HNTE for a three-year period since 2018 and renewed its qualification in November 2021 for another three-year period. Huai’an Loong is entitled to a preferential income tax rate of 15% on its assessable profits for a three-year period from November 2021 to November 2024. In December 2024, Huai’an Loong no longer applies for the renewal of its HNTE status, and the income tax rate applicable to Huai’an Loong is 25% since then.

Beijing Fantasy Mermaid Technology Limited (北京幻想美人魚科技有限公司) (“Beijing Fantasy Mermaid”) qualified as a HNTE for a three-year period since 2019 and renewed its qualification in December 2022 for another three-year period. Beijing Fantasy Mermaid is entitled to a preferential income tax rate of 15% on its assessable profits for a three-year period from December 2022 to December 2025. Management considers that Beijing Fantasy Mermaid’s HNTE qualification status will continue to be renewed in December 2025.

Shanghai Zu Yun Technology Co., Ltd. (上海祖昀科技有限公司), Hainan Loong Technology Co., Ltd. (海南祖龍科技有限公司), Hainan Long Yao Technology Co., Ltd. (海南龍耀科技有限公司) and Guangzhou Aolong Entertainment Technology Co., Ltd. (廣州奧龍娛樂科技有限公司) are qualified as small and micro enterprise in 2025. According to the Announcement of the Ministry of Finance of the PRC and the State Taxation Administration on Further Supporting the Development of Small and Micro Enterprises and Individual Businesses (Cai Shui [2023] No. 12), only 25% the aforesaid subsidiaries’ taxable profits will be subject to enterprise income tax at a preferential tax rate of 20%.

Chengdu Fantasy Mermaid Technology Limited (成都幻想美人魚科技有限公司), Beihai Loong Venture Capital Co., Ltd. (北海祖龍創業投資有限公司) and Beihai Longhao Venture Capital Co., Ltd. (北海龍灝創業投資有限公司) met the requirements of the revised catalogue of industries whose development are to be encouraged in the country’s western regions. They are eligible to a preferential income tax rate of 15% in accordance with Announcement on Continuing the Enterprise Income Tax Policy for the Development of the Western Regions (Announcement [2020] No. 23 of the Ministry of Finance of the PRC, the State Taxation Administration, and the National Development and Reform Commission).

According to a policy promulgated by the Ministry of Finance of the PRC and the State Taxation Administration that was effective from 2023 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses in determining tax assessable profits (“Super Deduction”). The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining their assessable profits during the period.

Notes to the Interim Condensed Consolidated Financial Information

12 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares in issue (excluding any treasury shares) during the period.

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Loss attributable to owners of the Company (RMB'000)	(11,730)	(134,041)
Weighted average number of ordinary shares in issue (in thousands)	787,494	786,169
Less: weighted average number of treasury shares (in thousands)	(2,573)	—
Weighted average number of ordinary shares outstanding (in thousands)	784,921	786,169
Basic loss per share (in RMB per share)	(0.01)	(0.17)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended 30 June 2025 and 2024, the Company has two categories of dilutive potential ordinary shares: the restricted share unit ("RSU") and the share options granted by the Company as described in Note 24.

For the purpose of calculating diluted loss per share for the six months ended 30 June 2025 and 2024, RSUs and share options are assumed to have been converted into ordinary shares with no corresponding change in net loss attributable to ordinary shareholders. As the Group incurred losses for the respective periods, this potential adjustment resulted in an anti-dilutive effect in the calculation of diluted loss per share. Accordingly, diluted loss per share for the six months ended 30 June 2025 and 2024 are the same as basic loss per share for the respective periods.

13 DIVIDENDS

No dividend has been declared or paid by the Company for the six months ended 30 June 2025 and 2024.

Notes to the Interim Condensed Consolidated Financial Information

14 PROPERTY, PLANT AND EQUIPMENT

	Office equipment RMB'000	Furniture RMB'000	Leasehold improvements RMB'000	Total RMB'000
Six months ended 30 June 2025				
(Unaudited)				
Opening net book amount	7,359	73	1,972	9,404
Additions	824	–	–	824
Disposals	(226)	–	–	(226)
Depreciation charge	(2,444)	(15)	(1,434)	(3,893)
Closing net book amount	5,513	58	538	6,109
Six months ended 30 June 2024				
(Unaudited)				
Opening net book amount	12,696	150	5,058	17,904
Additions	325	–	–	325
Disposals	(142)	(2)	–	(144)
Depreciation charge	(3,364)	(29)	(1,434)	(4,827)
Closing net book amount	9,515	119	3,624	13,258

15 INTANGIBLE ASSETS

	Software RMB'000	Copyrights and game licenses RMB'000	Trademark and domain names RMB'000	Total RMB'000
Six months ended 30 June 2025				
(Unaudited)				
Opening net book amount	31,614	70,963	13	102,590
Additions	1,858	–	–	1,858
Amortisation charge	(3,486)	(5,462)	(9)	(8,957)
Currency translation differences	(105)	–	–	(105)
Closing net book amount	29,881	65,501	4	95,386
Six months ended 30 June 2024				
(Unaudited)				
Opening net book amount	35,103	76,366	31	111,500
Additions	1,065	–	–	1,065
Amortisation charge	(3,237)	(2,966)	(9)	(6,212)
Currency translation differences	180	–	–	180
Closing net book amount	33,111	73,400	22	106,533

Notes to the Interim Condensed Consolidated Financial Information

16 LEASES

(a) Amounts recognised in the interim condensed consolidated balance sheet

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Right-of-use assets		
Leased properties	<u>141,304</u>	<u>18,361</u>
	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Lease liabilities		
Current	25,450	15,549
Non-current	<u>111,693</u>	<u>—</u>
	<u>137,143</u>	<u>15,549</u>

During the six months ended 30 June 2025, the Group has planned to renew the lease agreement of an office premise for another term of 5 years and the additions to right-of-use assets and lease liabilities resulting from the lease renewal amounted to approximately RMB136,841,000.

Notes to the Interim Condensed Consolidated Financial Information

16 LEASES (Continued)

(b) Amounts recognised in the interim condensed consolidated statement of profit or loss

The interim condensed consolidated statement of profit or loss shows the following amounts relating to leases:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets		
Leased properties	13,898	14,293
Leased vehicles	—	106
	13,898	14,399
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses (included in finance costs)	201	962
Expense relating to short-term leases (included in cost of revenue, research and development expenses, selling and marketing expenses and administrative expenses)	302	332

For the six months ended 30 June 2025 and 2024, the total cash outflows from financing activities for leases amounted to approximately RMB16,203,000 and RMB16,275,000 and the total cash outflows from operating activities for short-term leases amounted to approximately RMB302,000 and RMB332,000.

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices and vehicles. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options as described in (d) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. 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.

(d) Extension options

Extension options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension options held are exercisable only by the Group and not by the respective lessor.

Notes to the Interim Condensed Consolidated Financial Information

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
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Investments in associates using the equity method	<u>67,620</u>	<u>64,598</u>
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The movements in the carrying amounts of investments accounted for using the equity method are as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Beginning of the period	64,598	60,982
Share of operating results	<u>3,022</u>	<u>(3,483)</u>
End of the period	<u>67,620</u>	<u>57,499</u>

As at 30 June 2025, the Group invested in three associates. In the opinion of the directors of the Company, none of the associates is material to the Group.

Notes to the Interim Condensed Consolidated Financial Information

18 TRADE RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables	143,966	134,377
Less: allowance for impairment of trade receivables	(15,372)	(14,354)
Trade receivables – net	128,594	120,023

The following table sets forth the gross carrying amount of trade receivables by customer types:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Related parties (Note 27 (c))	25,711	24,130
Third parties	118,255	110,247
	143,966	134,377

The gross carrying amount of the Group's trade receivables is dominated in the following currencies:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
RMB	97,755	89,529
United States Dollar ("US\$")	42,149	40,034
Hong Kong Dollar ("HK\$")	4,039	4,739
Others	23	75
	143,966	134,377

Notes to the Interim Condensed Consolidated Financial Information

18 TRADE RECEIVABLES *(Continued)*

The Group allows a credit period of 90 – 150 days to its customers. An aging analysis of trade receivables based on revenue recognition date is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Up to 3 months	117,194	106,562
3 to 6 months	3,208	7,821
6 months to 1 year	3,924	421
Over 1 year	19,640	19,573
	143,966	134,377

Movements in the Group's allowance for impairment of trade receivables are as follows:

	Six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Beginning of the period	(14,354)	(11,890)
Provision for impairment	(1,027)	(47)
Reversal of impairment	9	1,502
End of the period	(15,372)	(10,435)

The creation and release of provision for impaired receivables have been included in "Net impairment (losses)/ reversal on financial assets" in the interim condensed consolidated statement of profit or loss.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables. The Group does not hold any collateral as security.

Notes to the Interim Condensed Consolidated Financial Information

19 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Included in non-current assets		
Rental deposits	8,724	8,714
Others	3,800	3,725
	<u>12,524</u>	<u>12,439</u>
Included in current assets		
Contract fulfilment costs	63,722	54,377
Interest receivable (Note (a))	2,070	4,220
Recoverable value-added tax	11,437	15,778
Prepayments to stockbrokers for share repurchase	4,077	4,098
Prepaid commissions charged by IP holders (Note (b))	7,295	2,994
Loan to related parties (Note 27 (c))	3,576	4,259
Others	15,848	14,051
	<u>108,025</u>	<u>99,777</u>
Less: allowance for impairment (Note 27 (c))	<u>(3,576)</u>	<u>(4,259)</u>
	<u>104,449</u>	<u>95,518</u>

Notes:

- (a) As at 30 June 2025, interest receivable represents the interest income receivables as arise from the Group's other financial assets measured at amortized cost as mentioned in Note 21.
- (b) The Group pays fixed license fees to the IP holders or a revenue share of the gross game billings based on the pre-agreed threshold. The prepayments for license fees will be amortized to cost of revenue during the authorization period.

Notes to the Interim Condensed Consolidated Financial Information

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Current		
Investments in wealth management products (Note (a))	201,846	244,330
Other fund investments (Note (b))	193,748	199,178
Structured investments (Note (c))	58,422	–
	454,016	443,508
Non-current		
Investments in private equity funds and venture capital funds (Note (d))	151,789	152,076
Structured investments (Note (c))	50,647	48,242
Preferred shares investments (Note (e))	28,484	31,471
Other fund investments (Note (b))	5,229	–
Other ordinary share investments (Note (f))	3,528	3,528
	239,677	235,317
	693,693	678,825

Movements in financial assets at fair value through profit or loss during the six months ended 30 June 2025 and 2024 are as follows:

	Six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Beginning of the period	678,825	940,417
Additions:		
– Investments in wealth management products	30,000	180,000
– Structured investments	93,110	80,000
– Preferred shares investments	–	14,699
– Investments in private equity funds and venture capital funds	–	4,000
– Other fund investments	5,000	–
Disposal	(125,031)	(484,522)
Changes in fair value	11,789	10,784
End of the period	693,693	745,378
Included net unrealised gains recognised in the interim condensed consolidated statement of profit or loss	6,648	7,507

Notes to the Interim Condensed Consolidated Financial Information

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Notes:

- (a) The Group purchased certain wealth management products issued by certain major commercial banks in the PRC. The Group has classified its investments in these wealth management products as financial assets at fair value through profit or loss. Fair values of these investments were estimated based on expected return of each wealth management products held by the Group.
- (b) Other fund investments represent the Group's investment in various securities funds, which were offered by several international financial institutions.
- (c) The Group purchased structured investments issued by several PRC and international financial institutions. The returns on all of these investments are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore they are measured at fair value through profit or loss.
- (d) Investments in private equity funds and venture capital funds represent the Group's investment in certain private equity funds and venture capital funds as a limited partner. As the Group didn't have control or significant influence on these funds, the investments were classified as financial assets at fair value through profit or loss. These funds were established to obtain capital appreciation and investment income.
- (e) Preferred shares investments on unlisted companies represent the Group's investment in ordinary shares with preferential rights to require and demand the investee to redeem all of the shares held by the Group at guaranteed predetermined fixed amount upon redemption events which are out of control of issuers. Hence, these investments are accounted for as debt instruments and are measured as financial assets at fair value through profit or loss.
- (f) Other ordinary share investments on unlisted companies represent the Group's investments in ordinary shares without preferential rights. As the Group didn't have control or significant influence on these companies, the investments were classified as financial assets at fair value through profit or loss.

21 OTHER FINANCIAL ASSETS AT AMORTIZED COST

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Fixed-rate notes	71,821	74,255
US Treasury Note	72,345	72,670
	144,166	146,925
Less: Current assets (Note 19 (a))	(2,070)	(4,220)
Non-current assets	142,096	142,705

These investments are held for collection of contractual cash flows and the contractual cash flows of these investments qualify for solely payments of principal and interest, hence they are measured at amortized costs. None of these investments are past due.

Notes to the Interim Condensed Consolidated Financial Information

22 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares US\$		
Authorized				
At 1 January and 30 June 2025	5,000,000,000	50,000		
At 1 January and 30 June 2024	5,000,000,000	50,000		
	Number of ordinary shares	Nominal value of ordinary shares US\$'000	Equivalent Nominal value of ordinary shares RMB'000	Share premium RMB'000
Issued				
At 1 January 2025	786,249,192	8	55	6,980,625
Vesting of RSUs (note)	2,582,100	—	—	13,423
At 30 June 2025	788,831,292	8	55	6,994,048
At 1 January 2024	786,651,812	8	55	6,964,953
Vesting of RSUs (note)	3,862,380	—	—	20,390
Cancellation of treasury shares	(4,371,000)	—	—	(5,056)
At 30 June 2024	786,143,192	8	55	6,980,287

Note:

During the six months ended 30 June 2025 and 2024, 2,582,100 and 3,862,380 ordinary shares of the Company were transferred to the share awardees upon vesting of the awarded shares under the scheme which is disclosed in Note 24 (b).

Notes to the Interim Condensed Consolidated Financial Information

23 OTHER RESERVES

	Capital reserve RMB'000	Statutory reserve RMB'000	Share-based compensation reserve RMB'000	Currency translation differences RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025	(1,851,237)	5,000	247,389	36,912	(26,402)	(1,588,338)
Share-based compensation (Note 24 (c))	-	-	4,018	-	-	4,018
Vesting of RSUs	-	-	(13,423)	-	-	(13,423)
Repurchase of shares (note)	-	-	-	-	(901)	(901)
Currency translation differences	-	-	-	(33,640)	-	(33,640)
At 30 June 2025 (Unaudited)	(1,851,237)	5,000	237,984	3,272	(27,303)	(1,632,284)
At 1 January 2024	(1,851,237)	5,000	250,946	(12,681)	(23,291)	(1,631,263)
Share-based compensation (Note 24 (c))	-	-	13,577	-	-	13,577
Vesting of RSUs	-	-	(20,390)	-	-	(20,390)
Repurchase and cancellation of shares (note)	-	-	-	-	-	-
Currency translation differences	-	-	-	17,418	-	17,418
At 30 June 2024 (Unaudited)	(1,851,237)	5,000	244,133	4,737	(23,291)	(1,620,658)

Note:

During the six months ended 30 June 2025, the Group repurchased a total of 817,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$971,100 (approximately RMB901,000). No repurchased share has been cancelled during the six months ended 30 June 2025.

During the six months ended 30 June 2024, the Group repurchased a total of 4,371,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$5,534,660 (approximately RMB5,056,000). All the repurchased shares have been cancelled during the six months ended 30 June 2024.

Notes to the Interim Condensed Consolidated Financial Information

24 SHARE-BASED PAYMENTS

(a) Share Option Scheme

The Company adopted the share option scheme at the extraordinary general meeting on 5 February 2021 (“the Adoption Date”) (“the Share Option Scheme”). The purpose of the Share Option Scheme is to provide incentive or reward to employees (excluding any directors) of the Group for their contribution to, and continuing efforts to promote the interests of, the Group, and to incentive them to remain with the Group.

Upon the Share Option Scheme, the aggregate number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not exceed 40,775,500 shares representing 5% of the total number of shares in issue as at the Adoption Date.

On 14 April 2021, 8,155,100 share options were granted to eligible grantees under the Share Option Scheme. Pursuant to the Share Option Scheme, subject to grantees’ employment or service to the Group through the applicable vesting date, the share options shall become vested with respect to 40%, 30% and 30% of the share options on each of the first trading day after 12, 24 and 36 months from the grant date. Each share option entitles the holder to subscribe for one share upon exercise of such share option at an exercise price of HK\$14.756 per share.

On 7 January 2022 (“modification date”), the Company cancelled the existing 6,764,377 exercisable share options (the “outstanding share options”) and offered to grant 6,764,377 new share options to the existing holders to subscribe for 6,764,377 ordinary shares at a lower exercise price, which are served as replacement of the cancelled outstanding share options under the Share Option Scheme. The exercise price was reduced from HK\$14.756 to HK\$8.72 per share. The terms of the original share options are otherwise the same. This arrangement is treated as if the original share options had been modified. As a result, the incremental fair value granted should be expensed over the new vesting period since the modification date in addition to the Company continuing to charge for the original share options over the original vesting period.

The options may be exercised at any time after they have vested subject to the terms and conditions described in the offer letter until the last day of the 10-year period after the modification date.

Movements in the number of share options granted are as follows:

	Number of share options
Outstanding as at 1 January 2024	1,318,163
Vested	(1,251,533)
Forfeited	(66,630)
Outstanding as at 30 June 2024	–

As at 30 June 2024, all share options had been vested or forfeited.

No share option was expired or exercised during the six months ended 30 June 2025 and the remaining contractual life of outstanding share options was 6.5 years as of 30 June 2025.

Notes to the Interim Condensed Consolidated Financial Information

24 SHARE-BASED PAYMENTS *(Continued)*

(a) Share Option Scheme *(Continued)*

The Company used binomial pricing model to determine the fair value of the share option granted, which is to be expensed over the vesting period.

Management estimated the risk-free interest rate based on the yield of Hong Kong government bond with a maturity life equal to the remaining time to maturity of the share options. Volatility was estimated at grant date and modification date based on the average of historical volatilities of the comparable companies with length commensurable to the remaining time to maturity of the share options. Dividend yield is based on management estimation at the grant date and modification date.

Key parameters and results in applying the binomial model on original grant date and modification date of share options are summarized as below:

	Grant date	Modification date	
	As at 14 April 2021	As at 7 January 2022	
		Before modification	After modification
Risk-free interest rate	1.30%	1.74%	1.81%
Volatility	56.00%	55.73%	55.54%
Dividend yield	0.52%	0.85%	0.85%
Fair value per share option (HK\$)	6.02	2.22	3.38

(b) Restricted Share Unit Scheme

On 1 April 2020, to incentivize directors, senior management and employees, a RSU scheme was approved and adopted by the Company ("Pre-IPO RSU Scheme"). Smooth Ebony Limited ("Smooth Ebony") was incorporated to hold 5,000,000 ordinary shares (in equivalent to 29,400,000 underlying shares upon the completion of the Capitalization Issue). Smooth Ebony acts as the holding company to hold the shares on trust under the Pre-IPO RSU Scheme. Smooth Ebony was consolidated by the Company as to the Company is able to execute power over the control and management over Smooth Ebony.

On 1 April 2020, 24 June 2020, 1 February 2021, 29 March 2021, 25 August 2021, 25 March 2022 and 30 August 2022, in exchange for employee services to the Group, the Company granted RSUs representing an aggregate of 21,223,716 underlying shares to certain eligible employees pursuant to the Pre-IPO RSU Scheme. Subject to grantees' employment or service to the Group through the applicable vesting date, the RSUs shall become vested with respect to 40%, 30% and 30% of the RSUs on each of the first trading day after 12, 24 and 36 months from a certain date.

On 22 December 2022, the new RSU scheme of the Company was approved and adopted by the shareholders ("RSU Scheme").

Notes to the Interim Condensed Consolidated Financial Information

24 SHARE-BASED PAYMENTS (Continued)

(b) Restricted Share Unit Scheme (Continued)

On 6 April 2023, 29 August 2023, 29 August 2024, 4 November 2024, 25 March 2025 and 13 June 2025, the Company granted RSUs representing an aggregate of 10,695,000 underlying shares to certain eligible employees pursuant to the RSU Scheme. Subject to grantees' employment or service to the Group through the applicable vesting date, the RSUs shall become vested with respect to 40%, 30% and 30% of the RSUs on each of the first day after 12, 24 and 36 months from a certain date.

Movements in the number of underlying shares represented by RSUs under the Pre-IPO RSU Scheme and the RSU Scheme for the six months ended 30 June 2025 and 2024 are as follows:

	Number of underlying shares represented by RSUs	Weighted average fair value per RSU at grant date (HK\$)
Outstanding as at 1 January 2025	5,204,100	5.426
Granted	1,050,000	1.430
Vested	(2,582,100)	5.709
Forfeited	(432,000)	3.509
Outstanding as at 30 June 2025	3,240,000	4.161
Outstanding as at 1 January 2024	9,702,480	5.640
Granted	—	—
Vested	(3,862,380)	5.834
Forfeited	(170,000)	5.480
Outstanding as at 30 June 2024	5,670,100	5.514

As the Group will receive employment or service of these employees in exchange for the grant of RSUs, share-based compensation expenses in respect of the employee services received are to be recognised as an expense over the vesting period. The total amount to be expensed is determined by the fair value of the RSUs granted at the grant date and taking into account the number of RSUs that are expected to be vested.

Prior to the completion of IPO, the Group has used the discounted cash flow method to determine the underlying equity fair value of the Company and to determine the fair value of the RSUs granted as at the grant date. Key assumptions, such as discount rate, risk-free interest rate and volatility, are required to be determined by the Group with best estimate.

The fair value of the RSUs granted on 1 February 2021, 29 March 2021, 25 August 2021, 25 March 2022, 30 August 2022, 6 April 2023, 29 August 2023, 29 August 2024, 4 November 2024, 25 March 2025, and 13 June 2025 were determined using the market method with reference to the grant date closing share price of the Company. The fair values of the RSUs at the date of grant are HK\$21.50, HK\$15.56, HK\$8.53, HK\$7.63, HK\$3.84, HK\$5.48, HK\$3.45, HK\$1.45, HK\$1.54, HK\$1.39 and HK\$1.67 per share.

Notes to the Interim Condensed Consolidated Financial Information

24 SHARE-BASED PAYMENTS *(Continued)*

(c) Expenses arising from share-based payment transactions

For the six months ended 30 June 2025 and 2024, share-based compensation expenses arising from the share-based awards granted by the Company have been charged to the interim condensed consolidated statement of profit or loss as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of revenue	123	313
Research and development expenses	2,870	9,597
Selling and marketing expenses	354	1,243
Administrative expenses	671	2,424
	<u>4,018</u>	<u>13,577</u>

25 TRADE AND OTHER PAYABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade payables	135,899	102,117
Payroll liabilities	38,699	60,731
Tax payables	4,281	16,259
Others	6,138	13,776
	<u>185,017</u>	<u>192,883</u>

The following table sets forth the carrying amount of trade payables by customer types:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Related parties (Note 27 (c))	20,321	20,207
Third parties	115,578	81,910
	<u>135,899</u>	<u>102,117</u>

Notes to the Interim Condensed Consolidated Financial Information

25 TRADE AND OTHER PAYABLES *(Continued)*

The aging analysis of trade payables based on recognition date is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Up to 6 months	110,925	81,648
6 months to 1 year	7,072	7,183
Over 1 year	17,902	13,286
	135,899	102,117

26 COMMITMENTS

(a) Capital Commitments

The Group had no significant capital expenditure contracted for but not recognised as liabilities as at 30 June 2025 and 31 December 2024.

(b) Operating lease commitments

The Group has non-cancelable operating lease agreements with initial terms of 12 months or less. The portfolio of short-term leases to which the Group was committed as at 30 June 2025 and 31 December 2024 is similar to the portfolio of short-term lease to which the short-term lease expenses is disclosed in Note 16.

Notes to the Interim Condensed Consolidated Financial Information

27 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in other notes, the following significant transactions were carried out between the Group and its related parties. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The following companies are related parties of the Group that had balances and/or transactions with the Group.

Company	Relationship
Shenzhen Tencent Computer Systems Company Limited	Subsidiary of a shareholder that has significant influence on the Group
Beijing Perfect World Software Technology Development Co., Ltd.	Subsidiary of a shareholder that has significant influence on the Group
Chengdu Perfect World Network Technology Co., Ltd.	Subsidiary of a shareholder that has significant influence on the Group
Tencent Cloud Computing (Beijing) Company Limited	Subsidiary of a shareholder that has significant influence on the Group
Sixjoy Hong Kong Limited	Subsidiary of a shareholder that has significant influence on the Group
Chongqing Perfect World Media Production Co., Ltd.	Subsidiary of a shareholder that has significant influence on the Group
Shanghai Tencent Penguin Film Culture Communication Co., Ltd.	Subsidiary of a shareholder that has significant influence on the Group
Tencent Technology (Shanghai) Company Limited	Subsidiary of a shareholder that has significant influence on the Group
Tencent Technology (Shenzhen) Company Limited	Subsidiary of a shareholder that has significant influence on the Group
Beijing Vega Interactive Network Technology Co., Ltd.	Associate of the Group
Beijing Junma Fengshi Cultural Media Co., Ltd.	Associate of the Group
Huai'an FlameDragon Entertainment Software Co., Ltd.	Associate of the Group

(b) Significant transactions with related parties

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Provision of services:		
Shenzhen Tencent Computer Systems Company Limited	38,424	46,873
Sixjoy Hong Kong Limited	—	869
	38,424	47,742

Notes to the Interim Condensed Consolidated Financial Information

27 RELATED PARTY TRANSACTIONS (Continued)

(b) Significant transactions with related parties (Continued)

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Purchase of services:		
Shanghai Tencent Penguin Film Culture Communication Co., Ltd.	11,986	–
Tencent Cloud Computing (Beijing) Company Limited	9,538	6,597
Shenzhen Tencent Computer Systems Company Limited	3,543	1,664
Chengdu Perfect World Network Technology Co., Ltd.	2,526	2,420
Beijing Perfect World Software Technology Development Co., Ltd.	1,263	1,210
Beijing Junma Fengshi Cultural Media Co., Ltd.	985	–
Chongqing Perfect World Media Production Co., Ltd.	180	–
Tencent Technology (Shanghai) Company Limited	128	–
Tencent Technology (Shenzhen) Company Limited	–	5
	<u>30,149</u>	<u>11,896</u>
Repayment of loan:		
Beijing Vega Interactive Network Technology Co., Ltd.	<u>700</u>	<u>1,100</u>

Notes to the Interim Condensed Consolidated Financial Information

27 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Period/Year end balances with related parties

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables:		
Shenzhen Tencent Computer Systems Company Limited	25,672	24,091
Huai'an FlameDragon Entertainment Software Co., Ltd.	39	39
	<u>25,711</u>	<u>24,130</u>

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured and interest-free.

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Loan receivables:		
Beijing Vega Interactive Network Technology Co., Ltd. (note)	749	1,432
Huai'an FlameDragon Entertainment Software Co., Ltd.	2,827	2,827
	<u>3,576</u>	<u>4,259</u>
Less: allowance for impairment	<u>(3,576)</u>	<u>(4,259)</u>
	<u>-</u>	<u>-</u>

Note:

During the six months ended 30 June 2025, Beijing Vega Interactive Network Technology Co., Ltd. has partially repaid the loan of RMB0.7 million.

Notes to the Interim Condensed Consolidated Financial Information

27 RELATED PARTY TRANSACTIONS (Continued)

(c) Period/Year end balances with related parties (Continued)

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
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Contract liabilities:

Shenzhen Tencent Computer Systems Company Limited	617	1,235
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The contract liabilities to related parties arise from trade transactions.

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
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Trade payables:

Shanghai Tencent Penguin Film Culture Communication Co., Ltd.	7,251	11,783
Chengdu Perfect World Network Technology Co., Ltd.	7,375	4,623
Beijing Perfect World Software Technology Development Co., Ltd.	3,687	2,311
Tencent Cloud Computing (Beijing) Company Limited	1,480	1,292
Chongqing Perfect World Media Production Co., Ltd.	190	–
Beijing Vega Interactive Network Technology Co., Ltd.	183	198
Beijing Junma Fengshi Cultural Media Co., Ltd.	112	–
Tencent Technology (Shanghai) Company Limited	43	–
	20,321	20,207

Notes to the Interim Condensed Consolidated Financial Information

27 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Key management compensation

Key management includes executive directors and other members of the Company's senior management team. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Wages, salaries and bonuses	10,433	10,428
Other social security costs and housing benefits and other employee benefits	300	288
Pension costs – defined contribution plans	251	242
Share-based compensation	121	314
	<u>11,105</u>	<u>11,272</u>

28 CONTINGENCIES

The Group did not have any material contingent liabilities as at 30 June 2025 and 31 December 2024.

29 SUBSEQUENT EVENTS

There are no material subsequent events undertaken by the Group after 30 June 2025.



祖龙娱乐有限公司
Archosaur Games Inc.