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## **ARCHOSAUR GAMES INC.**

**祖龙娱乐有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9990)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025**

The board (the “**Board**”) of directors (the “**Directors**”) of Archosaur Games Inc. (the “**Company**”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025 (the “**Results Announcement**”). The annual results have been audited by PricewaterhouseCoopers, the Company’s auditor, in accordance with International Standards on Auditing.

## FINANCIAL PERFORMANCE HIGHLIGHTS

	For the year ended 31 December		
	2025	2024	Change
	(RMB million)	(RMB million)	%
<b>Revenue</b>	<b>1,304.4</b>	1,141.1	14.3%
Cost of revenue	<u>(380.7)</u>	<u>(315.1)</u>	<u>20.8%</u>
<b>Gross profit</b>	<b>923.7</b>	826.0	11.8%
Research and development expenses	<b>(533.4)</b>	(532.1)	0.2%
Selling and marketing expenses	<b>(457.7)</b>	(565.0)	(19.0%)
Administrative expenses	<b>(93.0)</b>	(100.1)	(7.1%)
Net impairment reversal/(losses) on financial assets	<b>2.9</b>	(0.8)	(462.5%)
Other income	<b>7.6</b>	8.1	(6.2%)
Other gains, net	<u><b>58.8</b></u>	<u>22.5</u>	<u>161.3%</u>
<b>Operating loss</b>	<b>(91.1)</b>	(341.4)	(73.3%)
Finance income	<b>45.0</b>	53.1	(15.3%)
Finance costs	<u><b>(3.0)</b></u>	<u>(2.4)</u>	<u>25.0%</u>
Finance income, net	<b>42.0</b>	50.7	(17.2%)
Share of results of investments accounted for using the equity method	<u><b>1.6</b></u>	<u>3.6</u>	<u>(55.6%)</u>
<b>Loss before income tax</b>	<b>(47.5)</b>	(287.1)	(83.5%)
Income tax credit/(expense)	<u><b>10.8</b></u>	<u>(0.1)</u>	<u>(10,900.0%)</u>
<b>Loss for the year</b>	<u><b>(36.7)</b></u>	<u>(287.2)</u>	<u>(87.2%)</u>
<b>Non-IFRS measure:</b>			
Adjusted net loss <sup>(1)</sup>	<u><b>(31.9)</b></u>	<u>(270.0)</u>	<u>(88.2%)</u>

Note:

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

## **CHAIRMAN’S STATEMENT**

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2025.

### **Whole-Year Review and Outlook**

Archosaur Games is a leading mobile gaming company in China with more than twenty years of research and development experience. We hold the vision of being 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. As at 31 December 2025, we have launched 24 mobile games with multiple regional versions available in more than 170 regional markets in 14 languages. Our product matrix includes MMORPGs, female-oriented, strategy card games, idle RPG, SLGs and other genres.

In 2025, Archosaur Games refined its products through sustained dedication, earning players’ enduring recognition and long-term support through consistently high-quality updates. Guided by a pioneering spirit, the Company achieved outstanding results in the female-oriented and strategy card game segments. Over the preceding period, the Company steadily improved its business performance through optimised product strategies, refined team structures and the continuous enhancement of its publishing capabilities, thereby accumulating substantial momentum. Looking ahead, the Company will deepen its business footprint, further consolidate its leading industry position, and strive to establish a higher industry benchmark. This commitment aims to achieve comprehensive business breakthroughs and propel the Company towards a new phase of leapfrog growth.

## Implementing the Strategy of Quality Products and Enhancing Global Publishing

Archosaur Games adheres to the strategy of high-quality products, dedicated to building a product system with long-term operational value. From Life Makeover (以閃亮之名) and Dragon Raja: Cassell Gate (龍族: 卡塞爾之門) launched in recent years, to Dragon Raja (龍族幻想) and Fantasy Zhuxian (夢幻誅仙) that have entered a stable operational phase, all of these games have demonstrated the Company's solid achievements in long-term operation with their sound development performance and sustained user stickiness. We consistently launch high-quality version updates on a regular basis, continuously delivering fresh gameplay and exciting experiences to players. In addition, the Company's products deepen cross-industry integration and achieved cultural breakthroughs, elevating its IP influence to new heights through diverse collaborations: in 2025, Life Makeover (以閃亮之名) partnered with Gugong Gongyuan (故宮宮苑), Happy Valley, Empresses in the Palace (《甄嬛傳》), Cardcaptor Sakura (《魔卡少女櫻》) and others, and Dragon Raja: Cassell Gate (龍族: 卡塞爾之門) collaborated with Want Want, Dunhuang, Xi'an Drum Tower (西安鼓樓), Lawson and others to carry out a variety of co-branded activities. While strengthening the value of the games' own IPs, the Company has established a well-structured, diversified cross-industry cooperation matrix, further expanding the reach of its game IPs to a broader audience. In our pursuit of a high-quality route, we also leverage games to promote Chinese culture globally. Relying on Life Makeover (以閃亮之名), we advance the digital expression of traditional culture and ICH (intangible cultural heritage), iterating through high-precision artwork and engine technology to deepen the quality presentation of cultural elements in game content. In 2025, the three collaborations with Gugong Gongyuan (故宮宮苑) brought traditional culture from the display cases in museums to the fingertips of global players through various content forms such as costumes, props and home spaces. Additionally, we partnered with female inheritors of ICH from various ethnic groups to delve into the cultural connotations and humanistic stories of ICH, winning the "Outstanding Contribution Award for Game × Intangible Cultural Heritage Cross-Border Collaboration" at the World Intangible Cultural Heritage Inheritors Conference, promoting the shift of traditional culture from static display to engaging experience. In terms of game IP and art design selection, we are more focused on an international direction, aiming to align with the preferences and needs of global players, making the projects more suitable for global release. Based on the mature self-publishment layout already implemented in most overseas regions, we will focus on refining the efficiency of self-publishment, continuously optimising the cost structure of distribution, and further enhancing the overall cost-effectiveness of publishing.

## **Keeping Pace with Cutting-Edge Technology and Enhancing the Vitality of Games**

We take technological innovation as the core engine driving the Company's growth. As a pioneer in the gaming industry, we have explored numerous cutting-edge attempts in mobile game development using Unreal Engine 5 technology and forged in-depth technical partnerships with renowned tech companies. In terms of product compatibility, responding to the trend of user hardware ecosystem diversification and the goal of covering a broader user base, we have achieved breakthrough compatibility with the HarmonyOS system: Life Makeover (以閃亮之名) became the first large-scale female-oriented mobile game powered by Unreal Engine to launch on the HarmonyOS platform, and Dragon Raja: Cassell Gate (龍族：卡塞爾之門) was also developed with Unreal Engine and fully adapted to the HarmonyOS system. In ongoing projects using Unreal Engine 5, building upon our expertise in applying new technologies such as Metahuman and MassAI to product development, we have further implemented deep customization and rendering enhancements. In the AI (Artificial Intelligence) era, we leverage AI tools to assist development, further enhancing R&D efficiency. At the same time, we have implemented intelligent NPCs (Non-Player Characters) and the integrated creation of AIGC (Artificial Intelligence Generated Content) with UGC (User Generated Content) in our games: players can interact and converse in the game with smarter NPCs with the ability for coherent interaction such as Litchi Kitten (荔枝喵), and can also use AI drawing features for assisted creation in the Image Box (雲圖繪坊), experiencing the fun of zero-base drawing brought by AI feature upgrades. Through the clever use of new technologies and tools in game development, we have not only improved game development productivity, but also made the game world more dynamic.

## **Empowering the Integration of R&D and Operation through Organizational Revitalization, and Earnestly Practicing and Fulfilling Social Responsibility**

The integration of R&D and operation is the core strategy steadfastly pursued by Archosaur Games. In recent years, the Company has predominantly launched its products through self-development and self-publishment. To further advance such integration, the Company completed a systematic optimization and strategic upgrade of its organizational structure, strengthening a project-centered integrated coordination mechanism to achieve in-depth integration and synchronized collaboration between R&D and publishing functions. This structural transformation aimed to ensure efficient coordination and rapid response for key projects throughout their long-term operation: R&D iterated precisely based on market feedback, while publishing closely aligned with the creative core of the products, delivering more complete value proposition to players. VVANNA Studio, which developed Life Makeover (以閃亮之名), the phenomenal female-oriented hit game, has recently been upgraded to an independent division and evolved into a larger Business Unit (BU), thereby ensuring game production in the female-oriented segment through clearer business authority and responsibility as well as a more comprehensive resource support system. At the same time, the Company decided to establish a dedicated engine technology support department to strengthen technical support capabilities for game development, concentrating superior resources to safeguard its products. In addition to continuously enhancing internal structural optimization and consolidating its operational strength, the Company also continued to fulfill its corporate social responsibility externally in 2025. In April 2025, Archosaur Games once again visited Chaoyang Primary School in the Honghe Hani and Yi Autonomous Prefecture of Yunnan Province, donating sports equipment to the school and holding creative art and internet classes. In September, we went to Xingfu Primary School in Beichuan Qiang Autonomous County, donating charitable supplies and providing project support, including the “Honghu Dream Program” (鴻鵠築夢) Scholarship, construction of a technology corridor, air conditioners for multiple classrooms and various sports goods. Since 2021, Archosaur Games’ “Honghu Dream Program” (鴻鵠築夢) public welfare program has spanned five years. We have always been committed to improving the learning and living conditions of students in remote rural areas and continuously injecting energy into rural education. Using the “Dragon Walk for the Community” (龍行公益) as a link, we precisely match the actual needs of rural schools every year, constantly expanding the public welfare landscape, allowing the ideals of “Honghu Dream Program” (鴻鵠築夢) to gradually become a reality, and contributing to the development of rural education. Through our continuous efforts in the field of public welfare, we were selected as an ESG Excellence Practice Case by Economic Weekly (《財經天下》) in 2025.

### **Prospects**

Looking ahead to 2026, the Company will focus on its advantageous sectors, concentrating resources on products that it is proficient in and that have a favorable research-to-investment ratio, while improving self-publishment efficiency alongside maintaining leading technological advantages. In the entire product development process, we will continue to use cutting-edge technology as the foundation for R&D, deepen cross-platform technological breakthroughs, consolidate our leading technical advantage in the industry. We will simultaneously establish more intensive and scientific assessment points, set strict and clear control standards for project initiation, R&D and launch, and resolutely implement corresponding strategies. With a prudent and scientific project initiation strategy and a disciplined, selective team expansion pace, we aim to strengthen the foundation of long-term and stable development amid a market characterized by uncertainties. We believe that by continuing to adhere to our core strategy of quality-focused, multi-category, integration of R&D and operation and globalization, Archosaur Games is poised to achieve a new surge following market stabilization and recovery.

## **Appreciation**

The Board would like to take this opportunity to express our heartfelt gratitude to all the management and employees for their dedicated efforts in 2025. We would also like to express our gratitude to investors and people from all sectors for their long-term trust and support. We will continue to focus on improving the Company's intrinsic value and the efficiency of the resources utilization, thereby creating value steadily and efficiently for users, investors and the overall gaming industry.

**Li Qing**

*Chairman of the Board*

Archosaur Games Inc.

## 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 games, strategy card games, idle RPGs, 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.

Refining products with sincerity and opening up the road with innovation. Archosaur Games adheres to the strategy of high-quality products, achieving sustained user retention through high-quality and stable version iterations that demonstrate robust long-term operational effectiveness. By extending the brand's reach through cross-industry collaborations, the Company continuously amplifies the influence of its game IPs, and uses games as a medium to promote national culture, actively expanding its global publishing footprint. Concurrently, the Company deepens its research into Unreal Engine 5 technology, advancing the practical application of intelligent NPCs and deepening the integrated creation of AIGC and UGC to continuously imbue games with greater dynamic vitality. Furthermore, we drive organizational renewal and upgrade internally, strengthening the mechanism of integration of R&D and operation. Externally, we steadfastly pursue practical action and fulfil corporate social responsibilities, translate the vision of "Honghu Dream Program" (鴻鵠築夢) into tangible reality, contribute to rural educational development, and steadily stride toward high-quality, deep-rooted long-term growth.

#### *Our Existing Games*

As at the date of this Results Announcement, we had launched 24 mobile games with multiple regional versions in 14 languages available in more than 170 regional markets, among which (i) the global cumulative gross billings generated by 2 mobile games had exceeded RMB4 billion; (ii) the global cumulative gross billings generated by a mobile game had been between RMB3 billion to RMB4 billion; (iii) the global cumulative gross billings generated by 4 mobile games had been between RMB1 billion to RMB3 billion; and (iv) the gross billings generated by 9 mobile games had exceeded RMB100 million in the first month after they were launched in Chinese mainland.

Since its launch in Chinese mainland in March 2023, Life Makeover (以閃亮之名) has maintained robust vitality, ranking among top 30 of the Bestsellers Games Chart for iOS over a hundred times and ranking among top 10 of the Bestsellers Games Chart for iOS for 15 times. It has also received three nominations from the China Audio-Video and Digital Publishing Association for its 2025 Top Ten Games: Outstanding Game Development Team, Outstanding Mobile Game and Outstanding Game Art Design. Life Makeover (以閃亮之名), an ultra-free fashionable female-oriented game which was developed by new generation of female production and planning team of the Company, focused on the female player perspective as the main storyline, continuously adopted new technologies, expanded new gameplay and upgraded new experiences, gradually evolving into a more comprehensive life simulation game, providing long-term companionship to players while constantly delivering freshness. The global official ambassador of the game, Litchi Kitten (荔枝喵), launched intelligent dialogue and fortune-telling features. Concurrently, the game actively developed derivative products to expand its IP reach, fostering a healthy ecosystem of virtual and reality interaction. With the launch of the Image Box (雲圖繪坊) feature, Life Makeover (以閃亮之名) ingeniously integrated AIGC with DIY clothing design gameplay, enabling players to more easily create exclusive clothing. By focusing on UGC and KOC community ecosystem development, the game explored outstanding player creations, fueled creative enthusiasm, and leveraged content fission effects to expand its audience reach. The game delved deeply into the essence of ICH behind traditional crafts such as Sichuan embroidery (蜀繡), Qiang embroidery (羌繡), Miao silver jewelry (苗族銀飾) and white porcelain, establishing a new mode for ICH preservation that combined technology, culture and emotion, and allowing players to immerse themselves in the beauty of ICH through virtual creative expression. In 2025, the average DAU (Daily Active Users) of the game in Chinese mainland surpassed the average DAU of 2024 and 2023, respectively, and the project profit in 2025 was also higher than that in 2024 and 2023. The game was launched in Republic of Korea in 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 Republic of Korea for several consecutive days and received an Editor's Choice (編輯推薦) from Apple.

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. Over the past year, the game completed and launched about forty versions in Chinese mainland. We insisted on operating with two main lines of numerical value and content to increase the iteration frequency of the content line, and used season-based gameplay and mini-games to meet players' need for freshness and experience. The joint activities with Want Want, Dunhuang, Lawson, Hsu Fu Chi (徐福記) effectively boosted user vitality. After 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, the UR twin partners "Lu Mingfei (路明非) & Lu Mingze (路鳴澤)" were launched in February 2026, achieving the highest gross billings record of gacha (卡池) in the game's history and deeply loved and recognized by a wide range of players. The game's average MAU (Monthly Active Users) and average DAU in Chinese mainland in summer and the anniversary (i.e., from July to September 2025) saw significant growth compared to the first half of 2025, and the peak DAU during the National Day holiday reached a new high. Subsequently, its MAU in Chinese mainland surpassed this record in February 2026, achieving significant milestones in multiple areas including new user acquisition and monthly gross billings. 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, then ranked fifth and sixth on the Bestsellers Games Chart of the iOS App Store in Hong Kong, China and Taiwan, China, and topped the Top Free Games Chart of the iOS App Store in Taiwan, China for nine consecutive days during its half-year anniversary celebration. The game was launched in Southeast Asia in August 2025. On the first day of its 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 was launched officially in Republic of Korea on 5 March 2026, ranking the fourth on the Korean Top Free Games Chart of the iOS App Store for two consecutive days after its launch, and has been in top 3 of Free Games Chart of Google Play, and will be released in regions including Europe, America and Japan in the future. As of the date of this Results Announcement, the cumulative number of global registered users of Dragon Raja: Cassell Gate (龍族: 卡塞爾之門) has exceeded 10 million.

Two MMORPG masterpieces of the Company launched in 2016 and 2019 respectively, Fantasy Zhuxian (夢幻誅仙) and Dragon Raja (龍族幻想), have maintained robust long-term operational performance. In 2025, Fantasy Zhuxian (夢幻誅仙) achieved new peak figures for both gross billings and new user acquisition since 2022. Our development team delivers game updates and iterations with exceptional efficiency, and will continue to focus efforts on ensuring the long-term stability of the gaming experience and gross billings.

Classic games such as Sango Heroes: Under the Firmament (鴻圖之下), Love & Sword (御劍情緣), 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) have been relatively stable in 2025 and continue to contribute to the Group's revenue. The Company continued to regularly invest and maintain, and built a healthy long-term ecosystem of the games through events such as anniversary celebrations and version updates, effectively maintaining the product lifecycle and user experience.

### ***Our Game Pipeline***

To build up a diversified game portfolio across a wide range of genres, 6 game products are expected to be launched globally over the period from 2026 to 2028, covering different genres of games.

As at the date of this Results Announcement, 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 <sup>(1)</sup>	Genre <sup>(1)</sup>	IP source <sup>(1)</sup>	Development stage		Major markets <sup>(1)(2)</sup>
			as at the date of this Results Announcement <sup>(1)</sup>	Expected launch year <sup>(1)</sup>	
<b>2026</b>					
Dragon Raja: Cassell Gate (龍族: 卡塞爾之門)	Strategy Card Game	Licensed IP	Game Testing <sup>(3)</sup>	2026	Republic of Korea, Japan and other parts of the world
Project G	Strategy Card Game	Licensed IP	Game Production	2026	Worldwide
<b>2027</b>					
Project K	Female-oriented Game	Original IP	Game Production	2027	Worldwide
Project Code: One	Action Shooting Game	Original IP	Game Production	2027	Worldwide
<b>2028</b>					
Project J	SLG	Original IP	Game Proposal	2028	Worldwide
Project L	Idle RPG	Licensed IP	Game Proposal	2028	Worldwide

**Notes:**

- (1) The game pipeline is for indicative purpose only as at the date of this Results Announcement. 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 Republic of Korea on 5 March 2026.

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

Project G is a strategy card game adapted and developed from a renowned novel and animations. The game's IP is set in a Western fantasy setting, with a large number of global audiences and immense appeal.

Project K is a female-oriented game powered by Unreal Engine 5, dedicated to delivering an immersive fantasy experience through advanced 3D visual technology. With the excellent visual technology of Unreal Engine and a deep understanding of female players' preferences in game content and experience, we will meticulously develop this multi-platform female-oriented masterpiece.

During the Reporting Period, we recorded revenue of RMB1,304.4 million, representing an increase of 14.3% as compared with RMB1,141.1 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, and Life Makeover (以閃亮之名) continued to deliver stable performance during the year of 2025. In the future, with the expansion of our product genres from MMORPGs, female-oriented games, strategy cards games, SLGs to idle RPGs 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.

## FINANCIAL REVIEW

### Revenue

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

	For the year ended 31 December			
	2025		2024	
	(RMB million)	% of total revenue	(RMB million)	% of total revenue
Development and licensing	127.1	9.7%	105.5	9.2%
– Revenue share	93.6	7.2%	101.9	8.9%
– Non-refundable fixed licensing fees	33.5	2.5%	3.6	0.3%
Integrated game publishing and operation	1,176.4	90.2%	1,035.0	90.7%
Others	0.9	0.1%	0.6	0.1%
<b>Total</b>	<b>1,304.4</b>	<b>100.0%</b>	<b>1,141.1</b>	<b>100.0%</b>

For the year ended 31 December 2025, our revenue from development and licensing business was RMB127.1 million, representing an increase of 20.5% from RMB105.5 million for the year ended 31 December 2024, and our revenue from integrated game publishing and operation business was RMB1,176.4 million, representing an increase of 13.7% from RMB1,035.0 million for the year ended 31 December 2024.

The following table sets forth the breakdown of our revenue by geography for the years indicated:

	For the year ended 31 December			
	2025		2024	
	(RMB million)	% of total revenue	(RMB million)	% of total revenue
Chinese mainland	1,051.1	80.6%	884.5	77.5%
Areas outside Chinese mainland	253.3	19.4%	256.6	22.5%
<b>Total</b>	<b>1,304.4</b>	<b>100.0%</b>	<b>1,141.1</b>	<b>100.0%</b>

For the year ended 31 December 2025, our revenue generated from Chinese mainland was RMB1,051.1 million, representing an increase of 18.8%, from RMB884.5 million for the year ended 31 December 2024, and our revenue generated from areas outside Chinese mainland was RMB253.3 million, representing a decrease of 1.3%, from RMB256.6 million for the year ended 31 December 2024.

The increase in total revenue was mainly 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, and Life Makeover (以閃亮之名) continued to deliver stable performance during the year of 2025. Meanwhile, due to the extension of the Player Relationship Period, more revenue compared with the year 2024 has been deferred and will be recognized in future periods.

## 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 total cost of revenue for the years indicated:

	For the year ended 31 December			
	2025		2024	
	(RMB million)	% of total cost of revenue	(RMB million)	% of total cost of revenue
Commissions charged by distribution channels and payment channels	278.9	73.3%	239.2	75.9%
Commissions charged by IP holders	45.7	12.0%	28.4	9.0%
Bandwidth and servers custody fee	26.8	7.0%	26.1	8.3%
Employee benefit expenses	12.7	3.3%	12.4	3.9%
Depreciation and amortization charges	7.3	2.0%	4.0	1.3%
Others	9.3	2.4%	5.0	1.6%
<b>Total</b>	<b>380.7</b>	<b>100.0%</b>	<b>315.1</b>	<b>100.0%</b>

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 RMB380.7 million for the year ended 31 December 2025 as compared with RMB315.1 million for the year ended 31 December 2024. The growing trend was basically in line with the increase in the revenue of the integrated game publishing and operation business. Meanwhile, as Dragon Raja: Cassell Gate (龍族：卡塞爾之門) is a licensed IP game, commissions charged by IP holders increased significantly.

## GROSS PROFIT AND GROSS PROFIT MARGIN

For the year ended 31 December 2025, the gross profit of the Group increased by 11.8% to RMB923.7 million as compared with RMB826.0 million for the year ended 31 December 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, and Life Makeover (以閃亮之名) continued to deliver stable performance during the year of 2025. The gross profit margin of the Group decreased to 70.8% for the year ended 31 December 2025 from 72.4% for the year ended 31 December 2024, primarily attributable to higher commissions charged by IP holders resulting from increased revenue from Dragon Raja: Cassell Gate (龍族：卡塞爾之門), a licensed IP game.

## 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 year ended 31 December 2025, our research and development expenses increased by 0.2% to RMB533.4 million as compared with RMB532.1 million for the year ended 31 December 2024, remaining relatively stable during the comparable period.

## **SELLING AND MARKETING EXPENSES**

Our selling and marketing expenses primarily consisted of (i) promotion and advertising expenses; and (ii) employee benefit expenses. For the year ended 31 December 2025, our selling and marketing expenses decreased by 19.0% to RMB457.7 million as compared with RMB565.0 million for the year ended 31 December 2024, primarily attributable to the Group ongoing refinement of marketing spend strategy to improve the overall marketing efficiency during the Reporting Period.

## **ADMINISTRATIVE EXPENSES**

Our administrative expenses primarily consisted of employee benefit expenses. For the year ended 31 December 2025, our administrative expenses decreased by 7.1% to RMB93.0 million as compared with RMB100.1 million for the year ended 31 December 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 year ended 31 December 2025, our other income decreased by 6.2% to RMB7.6 million as compared with RMB8.1 million for the year ended 31 December 2024, due to a decrease in government grants during the Reporting Period, which was partially offset by an increase in the interest income generated from the other financial assets at amortized cost held by the Group.

## **OTHER GAINS, NET**

Our net other gains primarily consisted of (i) gains on financial assets at fair value through profit or loss; and (ii) net foreign exchange gains/(losses). For the year ended 31 December 2025, our net other gains increased by 161.3% to RMB58.8 million as compared with RMB22.5 million for the corresponding period in 2024, mainly attributable to the net foreign exchange gains generated during the Reporting Period, partially offset by the decrease in the gains on financial assets at fair value through profit or loss.

## **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 year ended 31 December 2025, the net finance income decreased by 17.2% to RMB42.0 million as compared with RMB50.7 million for the year ended 31 December 2024, mainly attributable to the decrease in the interest income from term deposits.

## **INCOME TAX CREDIT/(EXPENSE)**

Our income tax credit/(expense) consisted of current income tax expense and deferred income tax credit. For the year ended 31 December 2025, our income tax credit was RMB10.8 million, as compared with income tax expense of RMB0.1 million for the year ended 31 December 2024, mainly attributable to the increase in deferred income tax assets related to deductible temporary differences during the Reporting Period.

## ADJUSTED NET LOSS

The adjusted net loss for the year ended 31 December 2025 amounted to RMB31.9 million as compared with adjusted net loss of RMB270.0 million for the year ended 31 December 2024. Such decrease of 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, and Life Makeover (以閃亮之名) continued to deliver stable performance during the year of 2025, and (ii) the decrease in selling and marketing expenses resulted from the Group ongoing refinement of marketing spend strategy to improve the overall marketing efficiency during the Reporting Period.

The Company believes that adjusted net loss for the year ended 31 December 2025, as compared with loss for the year ended 31 December 2025 as reported under the IFRS, can provide additional information to investors and others in understanding and evaluating the Group's consolidated results of operations as well as facilitate year to year comparison. However, 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 years ended 31 December 2025 and 2024 to the nearest measures prepared in accordance with IFRS:

	For the year ended 31 December	
	2025	2024
	(RMB million)	(RMB million)

### Reconciliation of loss for the year to adjusted net loss for the year:

Loss for the year	(36.7)	(287.2)
Add back:		
Share-based compensation expenses	4.8	17.2
Adjusted net loss for the year	<u>(31.9)</u>	<u>(270.0)</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.

As at 31 December 2025, the Group has net current assets of RMB1,477.4 million and cash and cash equivalents and term deposits of RMB1,094.8 million, which were mainly denominated in RMB, US\$ and HK\$.

As at 31 December 2025, the Group's total equity attributable to owners of the Company amounted to RMB2,012.2 million, compared with RMB2,105.3 million as at 31 December 2024, representing a decrease of 4.4%. The decrease was mainly attributable to (i) loss for the year ended 31 December 2025 and (ii) currency translation differences, of which the majority are not expected to be reclassified to profit or loss in the future.

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

	<b>For the year ended 31 December</b>		
	<b>2025</b>	2024	Change
	<b>(RMB</b>	(RMB	%
	<b>million)</b>	million)	
Net cash used in operating activities	<b>(52.8)</b>	(188.0)	(71.9%)
Net cash (used in)/from investing activities	<b>(59.0)</b>	122.5	(148.2%)
Net cash used in financing activities	<b>(31.7)</b>	(60.2)	(47.3%)
	<hr/>	<hr/>	<hr/>
Net decrease in cash and cash equivalents	<b>(143.5)</b>	(125.7)	14.2%
Cash and cash equivalents at the beginning of the year	<b>433.7</b>	555.0	(21.9%)
Exchange (losses)/gains on cash and cash equivalents	<b>(9.1)</b>	4.4	(306.8%)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	<b><u>281.1</u></b>	<u>433.7</u>	<u>(35.2%)</u>

### **Operating Activities**

For the year ended 31 December 2025, net cash used in operating activities was RMB52.8 million, compared with RMB188.0 million for the year ended 31 December 2024, representing a decrease of 71.9%. The decrease was mainly attributable to the growth in cash inflows from the gaming business.

### **Investing Activities**

For the year ended 31 December 2025, net cash used in investing activities was RMB59.0 million, compared with RMB122.5 million generated from investing activities for the year ended 31 December 2024, mainly attributable to the purchases of financial assets at fair value through profit or loss which was offset by proceeds from maturity of term deposit during the Reporting Period.

### **Financing Activities**

For the year ended 31 December 2025, net cash used in financing activities was RMB31.7 million, compared with RMB60.2 million for the year ended 31 December 2024, representing a decrease of 47.3%. The decrease was mainly attributable to the advances paid to stockbrokers in previous year were sufficient to satisfy the Company's share repurchase funding requirements during the Reporting Period.

### **GEARING RATIO**

As at 31 December 2025, our gearing ratio, which is calculated as total liabilities divided by total assets, was 24.6%, as compared with 19.0% as at 31 December 2024.

## CAPITAL EXPENDITURE

Our capital expenditure comprised expenditures on purchases of intangible assets and purchases of property, plant and equipment. For the years ended 31 December 2025 and 2024, total capital expenditure amounted to RMB20.4 million and RMB20.8 million respectively, representing a slight decrease of 1.9%, and remaining broadly stable.

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

### Subscription of Wealth Management Products through Morgan Stanley Bank Asia Limited

In 2024, Archosaur Entertainment Limited (“**Archosaur Entertainment**”), 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**”) (the “**Subscriptions through Morgan Stanley Asia**”). As at 31 December 2025, none of such wealth management products had expired. STEP-DOWN FIXED RATE CALLABLE NOTES were redeemed early in January 2026 pursuant to the terms of the relevant subscription agreement.

As at 31 December 2025, the Group held the following significant investments through Morgan Stanley Asia which represent 5% or more of the total assets of the Group as at 31 December 2025 and are measured at amortized cost<sup>(1)</sup>:

Name of investment	Trading date	Nature of product	Carrying amount as at 31 December 2025 Cost <sup>(2)</sup> (RMB million)	Carrying amount as at 31 December 2025 (RMB million)	Expected annualized yield %	Dividends received (RMB million)	Gains incurred for the year 2025 (RMB million)	Percentage to the Group's total assets as at 31 December 2025 %
<b>Relevant Financial Products of Morgan Stanley Asia</b>								
STEP-DOWN FIXED RATE CALLABLE NOTES	9 January 2024	Fixed-rate notes	68.9	72.2	1st year: 5.68%, 2nd year: 5.38%, 3rd year: 5.08%, 4th year: 4.78%, 5th year: 4.48%	N/A	3.5	2.7%
US TREASURY NOTE	3 July 2024	US Treasury Note	70.6	71.0	4.43%	N/A	3.2	2.7%
<b>Total</b>			<b>139.5</b>	<b>143.2</b>			<b>6.7</b>	<b>5.4%</b>

#### 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 31 December 2025.

## Description of Financial Products of Morgan Stanley Asia

In 2024, the Group subscribed for 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 RMB72.2 million as at 31 December 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 measured at amortized cost was approximately RMB71.0 million as at 31 December 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 Group's own funds.

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

### Subscription of Wealth Management Products through UBS AG, Singapore Branch

Archosaur Entertainment, a wholly-owned subsidiary of the Company, subscribed for the wealth management products through UBS AG, Singapore Branch (“**UBS Singapore**”), of which, (i) on 2 July 2024, Archosaur Entertainment subscribed for 24-Month USD Equity Linked Twinwin Capital Return Notes in a principal amount of US\$6.6 million; and (ii) on 12 September 2025, Archosaur Entertainment subscribed for Bond Linked Notes in a principal amount of US\$12.6 million and 3yNC1y USD denominated Callable Range Accrual Notes in a principal amount of US\$5.0 million (the “**Subscriptions through UBS Singapore**”). As at 31 December 2025, none of such wealth management products had expired.

As at 31 December 2025, the Group held the following significant investments through UBS Singapore which represent 5% or more of the total assets of the Group as at 31 December 2025 and are measured at fair value:

Name of investment	Trading date	Principal amount <sup>(1)</sup> (RMB million)	Fair value as at 31 December 2025 (RMB million)	Dividends received	Gains incurred for the year 2025 (RMB million)	Percentage to the Group's total assets as at 31 December 2025
						%
<b>Relevant Financial Products of UBS Singapore</b>						
24-Month USD Equity Linked Twinwin Capital Return Notes	2 July 2024	46.4	49.0	N/A	1.9	1.8%
Bond Linked Notes	12 September 2025	88.6	88.0	N/A	0.5	3.3%
3yNC1y USD denominated Callable Range Accrual Notes	12 September 2025	35.1	34.7	N/A	-	1.3%
<b>Total</b>		<b>170.1</b>	<b>171.7</b>		<b>2.4</b>	<b>6.4%</b>

Note:

(1) Such principal amount of the investments are translated into RMB at the exchange rate as at 31 December 2025.

## **Description of Financial Products of UBS Singapore**

The Group subscribed for financial products of UBS Singapore, including 24-Month USD Equity Linked Twinwin Capital Return Notes in 2024 and Bond Linked Notes and 3yNC1y USD denominated Callable Range Accrual Notes in 2025. Among them, the fair value of 24-Month USD Equity Linked Twinwin Capital Return Notes, Bond Linked Notes and 3yNC1y USD denominated Callable Range Accrual Notes were RMB 49.0 million, RMB 88.0 million and RMB 34.7 million as at 31 December 2025. The sources of funds for the investment in the relevant financial products of UBS Singapore are the Group's own funds.

For further details, please refer to the announcement of the Company dated 12 September 2025.

## **Subscription of Wealth Management Products through Standard Chartered Hong Kong**

In 2025, Archosaur Entertainment, a wholly-owned subsidiary of the Company, subscribed for the wealth management products through Standard Chartered Bank (Hong Kong) Limited (“**Standard Chartered Hong Kong**”), of which, (i) on 29 May 2025, Archosaur Entertainment subscribed for two TOTAL RETURN CREDIT LINKED INVESTMENT WITH EMBEDDED CURRENCY HEDGE ARRANGEMENTS AND USDCNY FOREIGN EXCHANGE SINGLE RANGE ACCRUAL INTEREST in principal amounts of US\$3.5 million and US\$3.5 million, respectively; and (ii) on 19 November 2025, Archosaur Entertainment subscribed for two Bond Linked Notes in principal amounts of US\$7.0 million and US\$6.0 million, respectively (the “**Subscriptions through Standard Chartered Hong Kong**”, together with the “**Subscriptions through Morgan Stanley Asia**” and the “**Subscriptions through UBS Singapore**”, the “**Subscriptions**”). As at 31 December 2025, none of such wealth management products had expired.

As at 31 December 2025, the Group held the following significant investments through Standard Chartered Hong Kong which represent 5% or more of the total assets of the Group as at 31 December 2025 and are measured at fair value:

Name of investment	Trading date	Principal amount <sup>(1)</sup> (RMB million)	Fair value as at 31 December 2025 (RMB million)	Dividends received	Gains incurred for the year 2025 (RMB million)	Percentage to the Group's total assets as at 31 December 2025 %
<b>Relevant Financial Products of Standard Chartered Hong Kong</b>						
TOTAL RETURN CREDIT LINKED INVESTMENT WITH EMBEDDED CURRENCY HEDGE ARRANGEMENTS AND USDCNY FOREIGN EXCHANGE SINGLE RANGE ACCRUAL INTEREST 1	29 May 2025	24.6	25.3	N/A	0.7	1.0%
TOTAL RETURN CREDIT LINKED INVESTMENT WITH EMBEDDED CURRENCY HEDGE ARRANGEMENTS AND USDCNY FOREIGN EXCHANGE SINGLE RANGE ACCRUAL INTEREST 2	29 May 2025	24.6	25.2	N/A	0.6	0.9%

Name of investment	Trading date	Principal amount <sup>(1)</sup> (RMB million)	Fair value	Dividends received	Gains	Percentage
			as at 31 December 2025 (RMB million)		incurred for the year 2025 (RMB million)	to the Group's total assets as at 31 December 2025 %
Bond Linked Notes 1	19 November 2025	49.2	49.2	N/A	–	1.8%
Bond Linked Notes 2	19 November 2025	42.2	42.2	N/A	–	1.6%
<b>Total</b>		<b>140.6</b>	<b>141.9</b>		<b>1.3</b>	<b>5.3%</b>

*Note:*

(1) Such principal amount of the investments are translated into RMB at the exchange rate as at 31 December 2025.

### ***Description of Financial Products of Standard Chartered Hong Kong***

In 2025, the Group subscribed for financial products through Standard Chartered Hong Kong, including two TOTAL RETURN CREDIT LINKED INVESTMENT WITH EMBEDDED CURRENCY HEDGE ARRANGEMENTS AND USDCNY FOREIGN EXCHANGE SINGLE RANGE ACCRUAL INTEREST and two Bond Linked Notes. Among them, the fair value of TOTAL RETURN CREDIT LINKED INVESTMENT WITH EMBEDDED CURRENCY HEDGE ARRANGEMENTS AND USDCNY FOREIGN EXCHANGE SINGLE RANGE ACCRUAL INTEREST 1 and TOTAL RETURN CREDIT LINKED INVESTMENT WITH EMBEDDED CURRENCY HEDGE ARRANGEMENTS AND USDCNY FOREIGN EXCHANGE SINGLE RANGE ACCRUAL INTEREST 2 were approximately RMB25.3 million and RMB25.2 million as at 31 December 2025, respectively, and the fair value of Bond Linked Notes 1 and Bond Linked Notes 2 were approximately RMB49.2 million and RMB42.2 million as at 31 December 2025, respectively. The sources of funds for the investment in the relevant financial products of Standard Chartered Hong Kong are the Group's own funds.

For further details, please refer to the announcement of the Company dated 19 November 2025.

### ***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 and compared different price quotes, the Company is of the view that the Subscriptions will deliver relatively stable returns. The Subscriptions 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 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.

Save as disclosed in this Result Announcement, as at 31 December 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 31 December 2025.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

On 14 August 2025, Tianjin Loong Technology Co., Ltd. (as the lessee), a subsidiary of the Company, and Beijing Hangxing Machinery Manufacturing Co., Ltd. (北京航星機器製造有限公司) (as the lessor) entered into the property lease agreement (the “**Property Lease Agreement**”) to renew the property lease under the previous property lease agreement. Pursuant to the Property Lease Agreement, the property related will be used by the Group for office purposes with a term of five years from 15 August 2025 to 14 August 2030. For further details, please refer to the announcement of the Company dated 25 September 2025.

Save as disclosed in this Results Announcement, for the year ended 31 December 2025, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures.

## **CHARGE ON ASSETS**

As at 31 December 2025, no property, plant and equipment was pledged.

## **CONTINGENT LIABILITIES**

As at 31 December 2025, we did not have any unrecorded significant contingent liabilities against us.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2025, we employed 1,086 full-time staff in total, approximately 75.23% 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 year ended 31 December 2025, cost of employees’ remuneration and benefit was approximately RMB563.9 million as compared with RMB551.2 million for the year ended 31 December 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 the Group, the Company adopted the Pre-IPO RSU Scheme, the RSU Scheme and the Share Option Scheme.

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, legislations and statutory regulations, 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 year ended 31 December 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 year ended 31 December 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.

## 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 table below sets forth the proposed and actual applications of the net proceeds from the Listing Date to 31 December 2025:

Use of net proceeds	Percentage	Net proceeds from the Global Offering (HK\$ million)	The amount utilized during the year ended 31 December 2025 (HK\$ million)	As at 31 December 2025		Expected timeline for utilizing the remaining net proceeds <sup>(1)</sup>
				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 of 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	2026.01-2026.12

Use of net proceeds	Percentage	Net proceeds from the Global Offering (HK\$ million)	The amount utilized during the year ended 31 December 2025 (HK\$ million)	As at 31 December 2025		Expected timeline for utilizing the remaining net proceeds <sup>(1)</sup>
				Utilized amount (HK\$ million)	Unutilized amount (HK\$ million)	
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	-	-
<b>Total</b>	<b>100%</b>	<b>2,358.5</b>	<b>-</b>	<b>2,112.4</b>	<b>246.1</b>	

*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.

Since the Listing Date and up to 31 December 2025, approximately HK\$2,112.4 million out of net proceeds from the Global Offering had been used.

As disclosed in the 2025 interim report of the Company, the expected 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.

Apart from the above-mentioned adjustments, as at the date of this Results Announcement, 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 2025 interim 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.

## **IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

As at the date of this Results Announcement, the Group did not have any important events after the Reporting Period.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in Part 2 of the Corporate Governance Code during the Reporting Period, except for the code provision as set out below.

Under code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li Qing is currently the chairman and chief executive officer of the Company. In view of his substantial contribution to the Group since its establishment and his extensive experience in the game industry, the Board considers that vesting the roles of chairman and chief executive officer in the same individual provides the Group with strong and consistent leadership in the development and execution of long term business strategies and does not impair the balance of power and authority between the Board and the management of the Company. 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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

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 year ended 31 December 2025.

## AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code. As at the date of this Results Announcement, the Audit Committee consists of three independent non-executive Directors, namely Mr. Zhu Lin, Ms. Wang Jing and Mr. Ding Zhiping. Mr. Zhu Lin is the chairman of the Audit Committee. The Audit Committee together with the Auditor, has reviewed the consolidated financial information of the Group for the year ended 31 December 2025 and this Results Announcement. The Audit Committee has no disagreement with the accounting treatment in the financial statements and this Results Announcement, and discussed auditing, risk management, internal control and financial reporting matters.

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

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 during the year ended 31 December 2025, the Company repurchased a total of 817,000 Shares on the Stock Exchange at a total consideration of HK\$971,100, of which none of the repurchased Shares were cancelled as at 31 December 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
<b>Total</b>	<b>817,000</b>			<b>971,100</b>

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 31 December 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

## FINAL DIVIDENDS

The Board has resolved not to recommend payment of any final dividend for the year ended 31 December 2025 after taking into account factors including the Company's actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions. To enhance investors' returns, the Company will focus on optimizing core operations to strengthen competitiveness, utilise idle funds to generate additional returns while controlling risk exposure, continuously refine the cost structure, and improve capital efficiency, thereby maximizing overall investors' returns.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the annual general meeting to be held on Friday, 26 June 2026 (the “AGM”), the register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the AGM, all share certificates with completed transfer forms must be lodged with the Company’s Hong Kong share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 22 June 2026 for registration of share transfer. The Shareholders whose names appear on the register of members of the Company on Friday, 26 June 2026 are entitled to attend and vote at the AGM.

## **AUDITOR’S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT**

The figures in respect of the Group’s consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of comprehensive income, condensed consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2025 as set out in this Results Announcement have been agreed by the Company’s Auditor to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by the Company’s Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s Auditor on this Results Announcement.

## **PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE**

This Results Announcement is published on the websites of the Company ([www.zulong.com](http://www.zulong.com)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report of the Company for the year ended 31 December 2025 will be dispatched to the Shareholders, who request the printed copies, and published on the above websites in due course.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

		<b>Year ended 31 December</b>	
	<i>Note</i>	<b>2025</b>	<b>2024</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	3	<b>1,304,413</b>	1,141,079
Cost of revenue	5	<u>(380,722)</u>	<u>(315,075)</u>
<b>Gross profit</b>		<u><b>923,691</b></u>	<u>826,004</u>
Research and development expenses	5	<b>(533,380)</b>	(532,074)
Selling and marketing expenses	5	<b>(457,714)</b>	(564,980)
Administrative expenses	5	<b>(92,966)</b>	(100,139)
Net impairment reversal/(losses) on financial assets	5	<b>2,850</b>	(830)
Other income		<b>7,578</b>	8,150
Other gains, net	4	<u><b>58,833</b></u>	<u>22,473</u>
<b>Operating loss</b>		<u><b>(91,108)</b></u>	<u>(341,396)</u>
Finance income	6	<b>45,015</b>	53,137
Finance costs	6	<u><b>(3,037)</b></u>	<u>(2,446)</u>
Finance income, net	6	<b>41,978</b>	50,691
Share of results of investments accounted for using the equity method		<u><b>1,618</b></u>	<u>3,616</u>
<b>Loss before income tax</b>		<b>(47,512)</b>	(287,089)
Income tax credit/(expense)	7	<u><b>10,806</b></u>	<u>(157)</u>
<b>Loss for the year attributable to owners of the Company</b>		<u><u><b>(36,706)</b></u></u>	<u><u>(287,246)</u></u>
<b>Loss per share attributable to owners of the Company for the year (in RMB per share)</b>	8		
– Basic		<b>(0.05)</b>	(0.37)
– Diluted		<u><b>(0.05)</b></u>	<u>(0.37)</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Loss for the year</b>	<u><b>(36,706)</b></u>	<u><b>(287,246)</b></u>
<b>Other comprehensive (loss)/income, net of tax:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u><b>(6,930)</b></u>	<u><b>8,139</b></u>
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences	<u><b>(53,350)</b></u>	<u><b>41,454</b></u>
<b>Total comprehensive loss for the year attributable to owners of the Company</b>	<u><u><b>(96,986)</b></u></u>	<u><u><b>(237,653)</b></u></u>

**CONSOLIDATED BALANCE SHEET**  
*AS AT 31 DECEMBER 2025*

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2025</b>	2024
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		5,395	9,404
Right-of-use assets		132,909	18,361
Intangible assets		110,054	102,590
Investments accounted for using the equity method		57,417	64,598
Prepayments, other receivables and other assets		13,669	12,439
Term deposits		–	173,097
Financial assets at fair value through profit or loss		221,995	235,317
Other financial assets at amortized cost		70,620	142,705
Deferred income tax assets		30,292	17,770
		<u>642,351</u>	<u>776,281</u>
<b>Current assets</b>			
Trade receivables	10	104,184	120,023
Prepayments, other receivables and other assets		100,843	95,518
Financial assets at fair value through profit or loss		652,279	443,508
Other financial assets at amortized cost		72,574	–
Term deposits		813,697	729,341
Cash and cash equivalents		281,133	433,689
		<u>2,024,710</u>	<u>1,822,079</u>
<b>Total assets</b>		<u><u>2,667,061</u></u>	<u><u>2,598,360</u></u>

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2025 (CONTINUED)**

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2025</b>	<b>2024</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>11</i>	55	55
Share premium	<i>11</i>	6,994,090	6,980,625
Other reserves		(1,658,224)	(1,588,338)
Accumulated losses		(3,323,764)	(3,287,058)
		<u>2,012,157</u>	<u>2,105,284</u>
<b>Total equity</b>		<b><u>2,012,157</u></b>	<b><u>2,105,284</u></b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Contract liabilities		1,998	23,697
Lease liabilities		102,581	–
Deferred income tax liabilities		2,970	3,021
		<u>107,549</u>	<u>26,718</u>
<b>Total non-current liabilities</b>		<b><u>107,549</u></b>	<b><u>26,718</u></b>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	207,550	192,883
Contract liabilities		305,297	251,721
Current income tax liabilities		6,736	6,205
Lease liabilities		27,772	15,549
		<u>547,355</u>	<u>466,358</u>
<b>Total current liabilities</b>		<b><u>547,355</u></b>	<b><u>466,358</u></b>
<b>Total liabilities</b>		<b><u>654,904</u></b>	<b><u>493,076</u></b>
<b>Total equity and liabilities</b>		<b><u>2,667,061</u></b>	<b><u>2,598,360</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	<i>Note</i>	<b>Year ended 31 December</b>	
		<b>2025</b>	<b>2024</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Net cash used in operating activities</b>		<u><b>(52,770)</b></u>	<u><b>(188,009)</b></u>
<b>Net cash (used in)/from investing activities</b>		<u><b>(59,003)</b></u>	<u><b>122,463</b></u>
<b>Net cash used in financing activities</b>		<u><b>(31,693)</b></u>	<u><b>(60,202)</b></u>
<b>Net decrease in cash and cash equivalents</b>		<u><b>(143,466)</b></u>	<u><b>(125,748)</b></u>
Cash and cash equivalents at beginning of the year		<b>433,689</b>	555,033
Exchange (losses)/gains on cash and cash equivalents		<u><b>(9,090)</b></u>	<u><b>4,404</b></u>
<b>Cash and cash equivalents at end of the year</b>		<u><u><b>281,133</b></u></u>	<u><u><b>433,689</b></u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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**”, “**IPO**”).

The consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) unless otherwise indicated. The consolidated financial statements for the year ended 31 December 2025 have been approved by the Board of Directors of the Company on 20 March 2026.

## 2 BASIS OF PREPARATION

### (a) Compliance with IFRS Accounting Standards and HKCO

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“**HKCO**”).

IFRS Accounting Standards comprise the following authoritative literature:

- International Financial Reporting Standards;
- IAS Standards; and
- Interpretations developed by the IFRS Interpretations Committee (“**IFRIC Interpretations**”) or its predecessor body, the Standing Interpretations Committee (“**SIC Interpretations**”).

The preparation of the financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

### (b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

**(c) New and amended standards adopted by the Group**

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

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

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

Certain new accounting standards, amendments and annual improvements have been published that are not mandatory for the year ended 31 December 2025 and have not been early adopted by the Group.

<b>Standards and amendments</b>	<b>Effective for annual periods beginning on or after</b>
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
Amendments to IAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate – Amendments to IFRS 10 and IAS 28	To be determined

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 which is expected to have pervasive impact on the presentation and disclosure of the consolidated statement of profit or loss.

In April 2024, the IASB issued IFRS 18 in response to investors’ concerns about comparability and transparency of entities’ performance reporting. The new presentation requirements introduced in IFRS 18 will increase comparability of the financial performance of similar entities, especially related to how ‘operating profit or loss’ is defined. The new disclosure requirements for ‘management-defined performance measures’ will enhance transparency. IFRS 18 is effective from 1 January 2027 and has not yet been adopted by the Group.

Management is in the process of determining the impact on the Group of applying IFRS 18. The Group has prepared a transition plan and is on track to report our first IFRS 18-compliant interim financial statements for the period ending 30 June 2027 and annual financial statements for the period ending 31 December 2027.

The Group currently presents an operating loss subtotal. The Group is performing a detailed assessment to determine the appropriate classification of items to ensure that the operating loss subtotal will comply with the requirements of IFRS 18. The Group expects significant changes in this respect, especially because fair value gains or losses on financial assets at fair value through profit or loss (which are currently aggregated in the line item “Other gains, net”) and interest income on other financial assets at amortized cost (which are currently aggregated in the line item “Other income”) within the operating loss subtotal, will be presented below the operating loss subtotal. Furthermore, the new aggregation and disaggregation requirements will lead to changes in presentation to provide a more useful structured summary.

The Group currently reports an adjusted net loss measure to our investors. The Group expects that this measure will meet the definition of a management-defined performance measure. The Group is performing an assessment of other measures that are currently being reported outside the financial information and whether or not these meet the definition of a management-defined performance measure.

At each subsequent reporting period, the Group will provide an update on the progress towards transition to IFRS 18.

### 3 SEGMENT INFORMATION AND REVENUE

The Group's business activities, for which discrete financial information are available, are regularly reviewed and evaluated by the chief operating decision makers, (i.e. the executive directors of the Company). As a result of this evaluation, the executive 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 31 December 2025 and 2024, substantially all of the non-current assets of the Group were located in the PRC.

Revenue for the years ended 31 December 2025 and 2024 are as follows:

	<b>Year ended 31 December</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	<b>RMB'000</b>
Online game revenue		
– Development and licensing		
<i>Revenue share</i>	93,552	101,879
<i>Non-refundable fixed licensing fees</i>	33,505	3,617
	<u>127,057</u>	<u>105,496</u>
– Integrated game publishing and operation	1,176,399	1,034,972
– Others	957	611
	<u>1,304,413</u>	<u>1,141,079</u>
Timing of revenue recognition		
– At a point in time	121,571	101,879
– Over time	1,182,842	1,039,200
	<u>1,304,413</u>	<u>1,141,079</u>

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.

Revenues of approximately RMB124,361,000 and RMB105,027,000 for the years ended 31 December 2025 and 2024, respectively were derived from five largest single external customers.

During the years ended 31 December 2025 and 2024, no revenue 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 analysed by location of the customers is shown in the table below:

	<b>Year ended 31 December</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue by geographical segment</b>		
Chinese mainland	1,051,097	884,536
Areas outside Chinese mainland	253,316	256,543
	<u>1,304,413</u>	<u>1,141,079</u>

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

	<b>As at 31 December</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Contract costs</b>		
<b>Current</b>		
Costs to fulfil contracts for online game revenue	66,009	54,377
<b>Contract liabilities</b>		
<b>Current</b>		
Unamortized revenue from sales of in-game virtual items	288,834	233,201
Revenue share received in advance	5,516	5,093
Unamortized balance of the non-refundable fixed licensing fees	10,947	13,427
	<u>305,297</u>	<u>251,721</u>
<b>Non-current</b>		
Unamortized balance of the non-refundable fixed licensing fees	1,998	23,697
	<u>307,295</u>	<u>275,418</u>

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.

#### 4 OTHER GAINS, NET

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Gains on financial assets at fair value through profit or loss	35,515	46,638
Foreign exchange gains/(losses), net	23,234	(27,329)
Others	84	3,164
	<u>58,833</u>	<u>22,473</u>

#### 5 EXPENSES BY NATURE

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	563,874	551,220
Promotion and advertising expenses	372,820	500,666
Commissions charged by distribution channels and payment channels	278,852	239,213
Outsourced technical services	82,948	70,764
Depreciation and amortization charges	52,441	51,088
Commissions charged by IP holders	45,730	28,471
Bandwidth and servers custody fee	26,783	26,055
Utilities and office expenses	17,981	21,359
Other professional consulting fees	6,550	6,517
Travelling expenses	3,917	4,492
Auditors' remuneration	3,353	3,350
– Audit services	3,300	3,300
– Non-audit services	53	50
VAT input transfer out and tax surcharges	5,894	4,494
Net impairment (reversal)/losses on financial assets	(2,850)	830
Others	3,639	4,579
	<u>1,461,932</u>	<u>1,513,098</u>

## 6 FINANCE INCOME, NET

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Finance income</b>		
Interest income	<u>45,015</u>	<u>53,137</u>
<b>Finance costs</b>		
Interest expenses on lease liabilities	(2,565)	(1,545)
Others	<u>(472)</u>	<u>(901)</u>
	<u><b>(3,037)</b></u>	<u><b>(2,446)</b></u>
<b>Finance income, net</b>	<u><b>41,978</b></u>	<u><b>50,691</b></u>

## 7 INCOME TAX (CREDIT)/EXPENSE

The income tax (credit)/expense of the Group for the years ended 31 December 2025 and 2024 is analysed as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current income tax expense	1,767	2,359
Deferred income tax credit	<u>(12,573)</u>	<u>(2,202)</u>
	<u><b>(10,806)</b></u>	<u><b>157</b></u>

### (a) Cayman Islands and 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 years ended 31 December 2025 and 2024, based on the existing legislation, interpretations and practices in respect thereof.

(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 years ended 31 December 2025 and 2024, based on the existing legislation, interpretations and practices in respect thereof.

Tianjin Loong Technology Co., Ltd. (“**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.

Beijing Fantasy Mermaid Technology Limited (“**Beijing Fantasy Mermaid**”) qualified as a HNTE under the EIT law in 2019. In December 2025, Beijing Fantasy Mermaid 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 December 2025 to December 2028.

Shanghai Zu Yun Technology Co., Ltd., Hainan Loong Technology Co., Ltd. and Hainan Long Yao Technology Co., Ltd. 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, Beihai Loong Venture Capital Co., Ltd. and Beihai Longhao Venture Capital Co., Ltd. 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.

## 8 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 years.

	Year ended 31 December	
	2025	2024
Loss attributable to owners of the Company (RMB'000)	(36,706)	(287,246)
Weighted average number of ordinary shares in issue (in thousands)	788,172	785,532
Less: weighted average number of treasury shares (in thousands)	(2,793)	(627)
	<hr/>	<hr/>
Weighted average number of ordinary shares outstanding (in thousands)	785,379	784,905
	<hr/>	<hr/>
Basic loss per share (in RMB per share)	<u>(0.05)</u>	<u>(0.37)</u>

### (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 years ended 31 December 2025 and 2024, the Company has two categories of dilutive potential ordinary shares: the restricted share units ("RSUs") and the share options granted by the Company as described in Note 12.

For the purpose of calculating diluted loss per share for the years ended 31 December 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 years ended 31 December 2025 and 2024 are the same as basic loss per share for the respective years.

## 9 DIVIDENDS

No dividend has been declared or paid by the Company for the years ended 31 December 2025 and 2024.

## 10 TRADE RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables	117,120	134,377
Less: allowance for impairment of trade receivables	(12,936)	(14,354)
	<hr/>	<hr/>
Trade receivables – net	<u>104,184</u>	<u>120,023</u>

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

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Related parties	17,643	24,130
Third parties	99,477	110,247
	<u>117,120</u>	<u>134,377</u>

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

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	69,190	89,529
United States dollars ("US\$")	42,947	40,034
Hong Kong dollars ("HK\$")	4,959	4,739
Others	24	75
	<u>117,120</u>	<u>134,377</u>

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 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	96,044	106,562
3 to 6 months	2,575	7,821
6 months to 1 year	549	421
Over 1 year	17,952	19,573
	<u>117,120</u>	<u>134,377</u>

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

	<b>Year ended 31 December</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Beginning of the year	(14,354)	(11,890)
Credit loss reversal/(allowance) recognised, net	<u>1,418</u>	<u>(2,464)</u>
End of the year	<u><u>(12,936)</u></u>	<u><u>(14,354)</u></u>

The creation and release of provision for impaired receivables have been included in "Net impairment reversal/ (losses) on financial assets" in the 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.

## 11 SHARE CAPITAL AND SHARE PREMIUM

	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares <i>US\$</i></b>
<b>Authorized</b>		
<b>At 1 January 2024, 31 December 2024 and 2025</b>	<u><u>5,000,000,000</u></u>	<u><u>50,000</u></u>

	Number of ordinary shares	Nominal value of ordinary shares <i>US\$'000</i>	Equivalent Nominal value of ordinary shares <i>RMB'000</i>	Share premium <i>RMB'000</i>
<b>Issued</b>				
At 1 January 2025	786,249,192	8	55	6,980,625
Vesting of RSUs ( <i>note</i> )	2,594,100	–	–	13,465
	<u>788,843,292</u>	<u>8</u>	<u>55</u>	<u>6,994,090</u>
<b>At 31 December 2025</b>				
<b>Issued</b>				
At 1 January 2024	786,651,812	8	55	6,964,953
Vesting of RSUs ( <i>note</i> )	3,968,380	–	–	20,728
Cancellation of treasury shares	(4,371,000)	–	–	(5,056)
	<u>786,249,192</u>	<u>8</u>	<u>55</u>	<u>6,980,625</u>
<b>At 31 December 2024</b>				

*Note:*

During the year ended 31 December 2025, 2,594,100 (2024: 3,968,380) 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 12 (b).

## 12 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 director) of the Group for their contribution to, and continuing efforts to promote the interests of, the Group, and to incentivize 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 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:

	<b>Number of share options</b>
<b>Outstanding as at 1 January 2024</b>	1,318,163
Vested	(1,251,533)
Forfeited	(66,630)
	<hr/>
<b>Outstanding as at 31 December 2024 and 2025</b>	<hr/> <hr/> <b>–</b>

As at 31 December 2024 and 2025, all share options had been vested or forfeited.

No share option was expired or exercised during the year ended 31 December 2025 and the remaining contractual life of outstanding share options was 6 years as of 31 December 2025.

The Company used binomial pricing model to determine the fair value of the share options, at the respective grant or modification dates, 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:

	<b>Grant date On 14 April 2021</b>	<b>Modification date On 7 January 2022</b>	
		<b>Before modification</b>	<b>After modification</b>
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**”).

On 6 April 2023, 29 August 2023, 29 August 2024, 4 November 2024, 25 March 2025, 13 June 2025 and 26 August 2025, the Company granted RSUs representing an aggregate of 10,995,000 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 years ended 31 December 2025 and 2024 are as follows:

	<b>Number of underlying shares represented by RSUs</b>	<b>Weighted average fair value per RSU at grant date (HK\$)</b>
<b>Outstanding as at 1 January 2025</b>	<b>5,204,100</b>	<b>5.426</b>
Granted	<b>1,350,000</b>	<b>1.543</b>
Vested	<b>(2,594,100)</b>	<b>5.700</b>
Forfeited	<b>(909,000)</b>	<b>3.915</b>
<b>Outstanding as at 31 December 2025</b>	<b><u>3,051,000</u></b>	<b>3.925</b>
<b>Outstanding as at 1 January 2024</b>	9,702,480	5.640
Granted	350,000	1.489
Vested	(3,968,380)	5.771
Forfeited	<u>(880,000)</u>	4.667
<b>Outstanding as at 31 December 2024</b>	<b><u>5,204,100</u></b>	<b>5.426</b>

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, 13 June 2025 and 26 August 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 respective 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, HK\$1.67 and HK\$1.94 per share.

**(c) Expenses arising from share-based payment transactions**

For the years ended 31 December 2025 and 2024, share-based compensation expenses arising from the share-based awards granted by the Company have been charged to the consolidated statement of profit or loss as follows:

	<b>Year ended 31 December</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Cost of revenue	<b>168</b>	438
Research and development expenses	<b>2,934</b>	12,634
Selling and marketing expenses	<b>666</b>	725
Administrative expenses	<b>992</b>	3,374
	<b>4,760</b>	17,171

### 13 TRADE AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	115,719	102,117
Payroll liabilities	65,087	60,731
Tax payables	17,376	16,259
Others	9,368	13,776
	<u>207,550</u>	<u>192,883</u>

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

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Related parties	35,149	20,207
Third parties	80,570	81,910
	<u>115,719</u>	<u>102,117</u>

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

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 6 months	86,259	81,648
6 months to 1 year	9,383	7,183
Over 1 year	20,077	13,286
	<u>115,719</u>	<u>102,117</u>

### 14 SUBSEQUENT EVENTS

There are no material subsequent events undertaken by the Group after 31 December 2025 and up to the date of these consolidated financial statements.

## DEFINITIONS

In this Results Announcement, 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
“China” or “PRC”	the People’s Republic of China
“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
“Director(s)”	the director(s) of the Company
“Global Offering”	the initial public offering of the Shares for subscription by the public and the institutional, professional, corporate and other investors
“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)
“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)
“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
“Player Relationship Period(s)”	expected playing period(s) of paying players in the Group’s self-operated online game
“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 year ended 31 December 2025
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Share Option Scheme”	the share option scheme of the Company approved and adopted by the Shareholders on 5 February 2021 and 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
“subsidiary(ies)”	for the purpose of this Results Announcement, 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 our Company by virtue of certain contractual arrangements
“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

By order of the Board  
**Archosaur Games Inc.**  
**Mr. Li Qing**  
*Chairman and Executive Director*

Beijing, China, 20 March 2026

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Li Qing as Chairman and an Executive Director, Mr. Bai Wei as an Executive Director, Mr. Li Nachuan and Mr. Lu Xiaoyin as Non-executive Directors, and Ms. Wang Jing, Mr. Zhu Lin and Mr. Ding Zhiping as Independent Non-executive Directors.*