

望塵科技控股有限公司

Gala Technology Holding Limited

(incorporated in the Cayman Islands with limited liability)

Stock code: 2458



2025
Annual Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Jia Xiaodong (*Chairman and Chief Executive Officer*)
Mr. Huang Xiang
Mr. Li Xin

Independent Non-executive Directors

Ms. Jiang Xueying (appointed on 20 June 2025)
Mr. Leung Ming Shu (retired on 20 June 2025)
Mr. Zhan Peixun
Ms. Chak Hoi Kee Clara

COMPANY SECRETARY

Ms. Cheng Lucy

AUTHORIZED REPRESENTATIVES

Mr. Li Xin
Ms. Cheng Lucy

AUDIT COMMITTEE

Ms. Jiang Xueying (*Chairlady*)
(appointed on 20 June 2025)
Mr. Leung Ming Shu (*Chairman*)
(ceased on 20 June 2025)
Mr. Zhan Peixun
Ms. Chak Hoi Kee Clara

REMUNERATION COMMITTEE

Mr. Zhan Peixun (*Chairman*)
Mr. Li Xin
Ms. Jiang Xueying (appointed on 20 June 2025)
Mr. Leung Ming Shu (ceased on 20 June 2025)

NOMINATION COMMITTEE

Mr. Jia Xiaodong (*Chairman*)
Ms. Chak Hoi Kee Clara
Mr. Zhan Peixun

ESG OVERSIGHT COMMITTEE

Mr. Jia Xiaodong (*Chairman*)
Ms. Lin Zhendan (*Administrative Management Director*)
Ms. Shao Jingfei (*Human Resources Director*)

INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

PRINCIPAL BANKS

Bank of China (Hong Kong) Limited
China Merchants Bank Co., Ltd.
Industrial and Commercial Bank of China Limited

LEGAL ADVISERS

As to Hong Kong Law
Haiwen & Partners LLP

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Qianhai CTF Finance Tower
66 Shuniu Street,
Nanshan Subdistrict
Qianhai Shenzhen-Hong Kong Cooperation Zone
Shenzhen
PRC

COMPANY'S WEBSITE ADDRESS

www.galasports.com

SHARE REGISTRARS

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

STOCK CODE

02458

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Gala Technology Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), I hereby present the annual report of the Group for the year ended 31 December 2025.

In 2025, the global gaming market maintained steady growth, with market size continuing to expand and both the user base and payment ability increasing steadily. The market showed trends toward high-quality products and long-term operations, with the competitiveness of self-developed products continually improving and overseas performance remaining stable. The industry is transitioning toward high-quality development, with artificial intelligence (“**AI**”) technologies and deepening IP integration as key drivers, resulting in a healthier market structure.

ROBUST MOMENTUM OF CORE PRODUCTS AND SUSTAINED EMPOWERMENT OF BUSINESS GROWTH

In 2025, our core products delivered outstanding performance. *Total Football* (最佳球會) secured its leading position in the vertical areas, with revenue once again reaching a record high. Through deepening innovative gameplay iterations, optimizing AI logic, increasing the richness of animation diversity, and improving the level of detail of art assets, we achieved a significant improvement in the overall in-game experience in 2025. We entered into global strategic cooperation with more than ten internationally renowned players, including Scholes, Giggs, Torres, and Raúl, alongside prominent clubs such as Leverkusen and Eintracht Frankfurt. The international IP strategy accumulated more content for *Total Football* that is widely loved by players, helping the product to further consolidate user loyalty and satisfaction during its long-term operation. *Football Champion* (最佳 11 人 – 冠軍球會) entered a stable phase and continues to maintain its leading position in the vertical areas in Chinese Mainland. By adjusting game content and gameplay, we enriched the representation of real-world football's appeal within the game, providing both new and existing players with an experience closer to that of a real-life football manager. Through multiple version updates and seasonal activities in 2025, *Clutch Hit Baseball* (棒球大師) significantly increased user engagement while delivering a high-quality experience to players across various regions globally through stable services and rich online content. *NBA Rivals* (美職籃巔峰對決) also achieved gratifying results over the past year. As of 31 December 2025, the cumulative gross billings of *NBA Rivals* (美職籃巔峰對決) in Chinese Mainland exceeded RMB380 million, and its registered users exceeded 8 million. *NBA Rivals* (美職籃巔峰對決) was officially launched in the Hong Kong, Macau and Taiwan regions of China in October 2025, ranking first on the Apple App Store and Google Play download charts and second on the iOS top chart. As of 31 December 2025, within just two months of its launch, *NBA Rivals* (美職籃巔峰對決) achieved cumulative gross billings exceeding RMB15 million in the Hong Kong, Macau and Taiwan regions of China, with the number of registered users surpassing 360,000.

ROBUST FINANCIAL PERFORMANCE AND INCREASED R&D INVESTMENT

Thanks to the stable growth of existing game products and the increase in income from core new products, the Group's total revenue increased significantly in 2025, reaching RMB922.3 million, representing a year-on-year increase of 18.9%; the gross profit was RMB480.1 million, increasing by 15.4% from RMB415.9 million for the same period in the previous year. The profit for the year increased from approximately RMB84.1 million for the year ended 31 December 2024 to approximately RMB95.8 million for the year ended 31 December 2025, representing a year-on-year increase of 13.9%. To continuously enhance players' experience, we have focused on strengthening our professional expertise and overall capabilities in research and development (“**R&D**”). The R&D expenses increased by approximately RMB22.1 million from approximately RMB133.7 million for the year ended 31 December 2024 to RMB155.9 million for the year ended 31 December 2025, representing a year-on-year increase of 16.5%.

In 2025, the integration of AI technology and games has become closer. As a leading technology-driven mobile sports game company in China, Arena4D, the AI technology that the Group focuses on applying, also made significant progress in the past year in the restoration of the players' movements and sport events recreation. Especially in basketball games, we introduced AI technology to produce detailed finger movements, enabling a more vivid and dynamic recreation of combined player actions such as layups, jump shots, dunks and dribbling, which greatly improved the players' game experience. Furthermore, we effectively combined physics constraint optimization and neural network algorithms to automatically and at scale address complex problems such as players' sliding steps and footwork mismatches.

OUTLOOK

2026 will remain a year where opportunities and challenges coexist for the Group. The 2026 World Cup will bring solid growth for *Total Football* (最佳球會) on a global level. We will launch more game version content and launch the PC client version of *Total Football* (最佳球會), utilizing multi-platform commercial operations to expand the product's comprehensive influence in the vertical areas. Leveraging the immense potential and opportunities of the World Cup year, we will actively prepare for the secondary transformation of *Football Champion* (最佳 11 人 - 冠軍球會), complete the systematic upgrade of the product, prepare multi-regional versions, and complete preparations for standalone versions and independent publishing in key regions. *Clutch Hit Baseball* (棒球大師) will launch game content related to the World Baseball Classic (WBC) and the new MLB season in the coming year, striving to achieve breakout growth in core markets such as North America and Asia, while actively expanding into new overseas markets, exploring and penetrating potential baseball markets such as Latin America. In regional markets, we will engage in in-depth cooperation with renowned local players to achieve deep activation and user expansion in regional markets. As the Group's core new product, *NBA Rivals* (美職籃巔峰對決) will continue to undergo optimization and iterative updates to further improve its quality and bring a higher level of gaming experience to players.

In 2026, China will continue to strengthen the integration of AI with industrial development, cultural construction and other fields, comprehensively empowering all industries. The Group will also further develop the in-game human-like AI intelligence, improve the precision and efficiency of the Arena4D sport events recreation pipeline, and continue to iterate and optimize to enhance the realism and fidelity of motion presentation. The continued close integration of artificial intelligence generated content ("AIGC") technology and the gaming industry, with software and hardware synergy catalyzing an experiential revolution, makes this a year of both opportunities and challenges for the Group. The Group will further strengthen its technological R&D, leveraging its solid accumulation in the field of sports games for over a decade to bring higher quality game content and experiences to players around the world.

Finally, on behalf of the Board, I would like to express my heartfelt thanks to all employees for their hard work, to Shareholders for their trust, and to partners for their support.

Jia Xiaodong

Chairman of the Board, Executive Director and Chief Executive Officer

26 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Since its inception, the Group has been technology-driven, adhering to the core principle of “enhancing sports with technology for more fun”, and has continuously focused on the sports game market, accumulating extensive R&D and operational experience. Our existing games cover three major mainstream sports categories, namely football, basketball and baseball, including *Football Master* (足球大師), *NBA Basketball Master* (NBA 籃球大師), *Total Football* (最佳球會), *Football Champion* (最佳 11 人 – 冠軍球會), *Clutch Hit Baseball* (棒球大師) and *NBA Rivals* (美職籃巔峰對決). Sports games rely on licensing resources from top international sports leagues and clubs. Game developers with a strong accumulation of such licensed resources enjoy significant advantages in terms of user acquisition costs and brand recognition. To provide game players with unmatched gaming experience, we maintain amicable long-term co-operation relationship with international sports associations such as FIFPro, NBA and NBPA, MLB and MLBPA, as well as top-tier football clubs including FC Barcelona, FC Bayern Munich and Real Madrid C.F.. In March and August 2025, we entered into Collective Authorization and Licence Agreements with FIFPro-CE and National Basketball Players Association (NBPA). By leveraging the extensive influence of licensed resources, our products could further enhance recognition and popularity in the digital gaming market in the PRC. By virtue of unique gaming content and a massive user base, we build core advantages in a fiercely competitive market, effectively support the revenue growth and user retention performance of the core products and bring global players together through technology with a human touch.

The Group’s core game *Total Football* (最佳球會) secured its leading position in the vertical areas in 2025, with revenue scale once again reaching a record high. Through deepening innovative gameplay iterations, optimizing AI rationality, increasing the richness of animation diversity, and improving level of detail of art assets, we achieved a significant improvement in the overall in-game experience. At the same time, we entered into global strategic cooperation with more than ten internationally renowned players, including Scholes, Giggs, Torres, and Raúl, alongside prominent clubs such as Leverkusen and Eintracht Frankfurt. The international IP strategy consistently maintained a relatively high return on investment from a financial perspective and accumulated more content for *Total Football* (最佳球會) that is widely loved by players, helping the product to further consolidate user loyalty and satisfaction during its long-term operation. As a *football management simulation game* that has entered a stable phase, *Football Champion* (最佳 11 人 – 冠軍球會) continues to maintain its leading position in the vertical areas in Chinese Mainland. By adjusting game content and gameplay, we satisfied the core demands of new and existing players, enriched the representation of real-world football’s appeal within the game, providing an experience closer to that of a real-life football manager.

In 2025, the overseas expansion of China’s mobile gaming sector continued to accelerate. *Clutch Hit Baseball* (棒球大師) achieved a milestone breakthrough, driven by the dual engines of deepening operations in the global market and continuous product iteration. Through precise insights into user needs and continuous product optimization, *Clutch Hit Baseball* (棒球大師) maintained a leading position as the top two in terms of market share within the category of MLB-licensed mobile games in North America. Users across different regions exhibit significant differences in gaming preferences, spending habits, and cultural identification. Through operational activities and content design that deeply align with the preferences of Asian players, the Group successfully drove a significant increase in its user payment rate of *Clutch Hit Baseball* (棒球大師) in the South Korean market, with average income per user (ARPU) also achieving a year-on-year improvement, validating our successful path of differentiated operations for the Asian market.

The Group’s key new product *NBA Rivals* (美職籃巔峰對決) continued to advance its market expansion and refined operations in Chinese Mainland and the Hong Kong, Macau and Taiwan regions of China. *NBA Rivals* (美職籃巔峰對決) was officially launched in the Hong Kong, Macau and Taiwan regions of China in October 2025. Leveraging its high-quality visual experience and rich content system, it achieved the outstanding performance of ranking first on the Apple App Store and Google Play download charts, as well as second on the iOS top chart. In Chinese Mainland, *NBA Rivals* (美職籃巔峰對決) maintained a steady growth trend. As of 31 December 2025, its cumulative gross billing exceeded RMB380 million, and the cumulative number of registered users exceeded 8 million. All data achieved steady growth, further consolidating the Group’s market position in this field.

Regarding our financial performance, benefiting from the stable growth of core games and the increase in income arising from new game categories, the Group’s income in 2025 was RMB922.3 million, representing a year-on-year increase of 18.9%; the gross profit was RMB480.1 million, increased by 15.4% from RMB415.9 million for the same period in the previous year. The profit for the year increased from approximately RMB84.1 million for the year ended 31 December 2024 to approximately RMB95.8 million for the year ended 31 December 2025, representing a year-on-year increase of 13.9%.

APPLICATION OF AI TECHNOLOGIES

In 2025, AI technology became more closely integrated with games, evolving from single-point tool assistance to comprehensive empowerment, covering multiple dimensions such as content production, motion capture optimization, intelligent competitive play, and personalized operations. The application of AI technology can significantly enhance R&D efficiency and the speed of content iteration. In order to provide players with a higher-quality gaming experience, the Group continued to increase its investment in the R&D and application of AI technology. For the year ended 31 December 2025, the Group's R&D expenses increased to RMB155.9 million, with a focus on advancing the practical application of AIGC technologies in areas such as modelling and image generation, effectively enhancing the richness of product content and the quality of user experience, and laying a solid technological foundation for future product iterations.

AIGC technologies primarily applied by the Group included Arena4D technology, Stable Diffusion avatars/props image generation technology, automatic modeling technology for player 3D body/head/action, large model technology for self-generated training code and speech synthesis technology. Arena4D technology meticulously recreates the movements of football and basketball star players. Especially in basketball games, we introduced AI technology to produce detailed finger movements of players, making combined player actions in the game more vivid and flexible. Furthermore, the Group effectively combined physics constraint optimization and neural network algorithms to automatically and at scale address complex problems such as players' sliding steps and footwork mismatches, to further improve motion quality and generation efficiency and bring a higher-quality experience to players. The Group also actively promoted the application of AIGC technology in game aesthetics, utilizing Arena4D technology to achieve high-standard recreation of football and other sport events as well as their scenes. We further developed high-precision 3D facial modeling to improve the efficiency of 3D art facial reconstruction and effectively reduce costs. While making rapid progress in foundational models, the Group has also applied AI technology to areas such as code generation and completion, copywriting and market analysis, reducing the time and resources required for various tasks and significantly enhancing operational efficiency.

PRINCIPAL RISKS AND UNCERTAINTIES

As a mobile sports game developer, publisher and operator in the PRC, the Group faces various risks relating to its daily business operations as well as the industry and regulatory landscape in the PRC. The management has systematically identified and assessed the aforementioned risks and formulated corresponding response measures: (1) There is a certain degree of uncertainty in the regulatory policies of the gaming industry in the PRC. The Group will continue to pay close attention to policy trends and maintain sufficient flexibility in product planning and operational strategies. (2) Technology in the mobile game industry iterates rapidly, market competition continues to intensify, and changes in user preferences are difficult to fully predict. The management will enhance product competitiveness and adaptability to industry trends by continuously increasing R&D investment, deepening the application of AI technology, and strengthening the accumulation of authorized resources. The management will also continuously evaluate the life cycle of core products and changes in user demands, formulating differentiated iteration strategies for different products. For core games in the stable stage, we will focus on extending the product life cycle through gameplay innovation and enriched authorized content. For new products in the growth stage, we will focus on user scale expansion and the improvement of the paying conversion rate. At the same time, based on the user characteristics and competitive landscape of various regional markets, we will formulate differentiated global operational strategies. (3) The Group relies on authorized cooperation with international sports leagues and clubs. Failure to successfully renew or obtain new authorizations may have an adverse impact on product competitiveness and revenue performance. The management actively manages the aforementioned risks by establishing long-term strategic cooperative relationships and initiating authorization renewal negotiations in advance. (4) There is uncertainty as to whether new games can achieve commercial success. The management aims to improve the commercial success rate of products by conducting sufficient market testing and user research before the official launch, and continuously carrying out product fine-tuning after the launch.

FUTURE OUTLOOK

Looking ahead to 2026, the approaching FIFA World Cup is expected to bring a pronounced cyclical catalyst to the sports gaming industry. Demand for sports event-related game content has already shown a clear pre-event upswing, with players' expectations for high-quality match simulation and licensed content continuing to rise. *Total Football* (最佳球會) is set to embrace solid growth on a global level by leveraging the World Cup year. We will leverage this to launch more game version content and launch the PC client version of *Total Football* (最佳球會), utilizing multi-platform commercial operations to expand the product's comprehensive influence in the vertical areas. The World Cup year is full of immense potential and opportunities. We will seize this opportunity to actively prepare for the secondary transformation of *Football Champion* (最佳 11 人 – 冠軍球會), complete the systematic upgrade of the product, prepare multi-regional versions, and complete preparations for standalone versions and independent publishing in key regions. *Clutch Hit Baseball* (棒球大師) has successfully obtained the official license of the World Baseball Classic (WBC) and will launch exclusive sport events game content in the coming year. We will strive to achieve breakout growth in core markets such as North America and Asia, while actively exploring and penetrating potential baseball markets such as Latin America to develop new overseas markets. As the Group's core new product, *NBA Rivals* (美職籃巔峰對決) will continue to undergo optimization and iterative updates to further improve its quality and bring a higher level of gaming experience to players.

In terms of AI technology, the Group will further develop the in-game human-like AI intelligence, improve the precision and efficiency of the Arena4D sport events recreation pipeline, and continue to iterate and optimize to enhance the realism and fidelity of motion presentation. At the same time, the Group will apply high-precision facial modeling algorithms to human body reconstruction, thereby achieving high-density reconstruction of human body models. In terms of player animation production, we will attempt to implement condition-controlled animation generation to further improve the efficiency and quality of player animation output. In addition, in terms of AI voice-over, we will work to further address authenticity across different tones and intonations, and to expand and support more languages.

Looking forward, the sports game industry still possesses significant development potential, driven by the continuous evolution of demand for digital entertainment and technological innovation. The Group will continue to optimize product quality and R&D processes, promote the application of AI-generated content technology, and enhance R&D efficiency and content innovation capabilities. At the same time, the Group will integrate the characteristics of various markets, target the characteristics of users in different regions, actively promote localized optimization and refined operational strategies, and launch more high-quality game products.

FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

The following table presents items of the audited consolidated statement of comprehensive income of the Group in absolute amounts and as percentages to the total revenue for the years indicated.

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Revenue	922,292	100	775,918	100
Cost of revenue	(442,226)	(47.9)	(360,035)	(46.4)
Gross profit	480,066	52.1	415,883	53.6
Other (losses)/gains, net	(4,064)	(0.4)	737	0.1
Other income	14,839	1.6	12,678	1.6
Selling and marketing expenses	(163,291)	(17.7)	(147,333)	(19.0)
General and administrative expenses	(68,794)	(7.5)	(60,058)	(7.7)
Research and development expenses	(155,853)	(16.9)	(133,725)	(17.2)
Finance cost	(4,324)	(0.5)	(3,965)	(0.5)
Share of results of an associate	1,795	0.2	1,308	0.2
Profit before tax	100,374	10.9	85,525	11
Income tax expenses	(4,527)	(0.5)	(1,379)	(0.2)
Profit for the year	95,847	10.4	84,146	10.8
Other comprehensive income for the year				
Item that will be reclassified to profit or loss:				
Exchange differences on translation from functional currency to presentation currency	(5,068)	(0.5)	378	0.0
Total comprehensive income for the year	90,779	9.8	84,524	10.9
Profit/(loss) for the year attributable to:				
Owners of the Company	95,886	10.4	84,159	10.8
Non-controlling interests	(39)		(13)	

MANAGEMENT DISCUSSION AND ANALYSIS

Key financial ratios

The following table sets forth the key financial metrics of the Group for the years indicated:

	Year ended 31 December	
	2025	2024
Gross profit margin	52.1%	53.6%
Net profit margin ⁽¹⁾	10.4%	10.8%
Return on equity ⁽²⁾	22.4%	22.30%
Return on assets ⁽³⁾	13.1%	13.30%
Interest coverage ratio ⁽⁴⁾	23.2 times	21.2 times

	Year ended 31 December	
	2025	2024
Current ratio ⁽⁵⁾	2.34 times	2.5 times
Quick ratio ⁽⁶⁾	2.34 times	2.5 times

Notes:

1. Net profit margin equals profit for the year divided by revenue for the year, multiplied by 100%.
2. Return on equity equals profit attributable to owners of the Company for the year divided by the closing balance of the equity attributable to owners of the Company, multiplied by 100%.
3. Return on assets equals profit for the year divided by the closing balance of total assets, multiplied by 100%.
4. Interest coverage ratio equals operating profit for the year divided by interest expenses for the year.
5. Current ratio equals total current assets divided by total current liabilities as at the year end date.
6. Quick ratio equals total current assets less inventories divided by total current liabilities as at the year end date.

FINANCIAL REVIEW

Revenue

The following table sets out a breakdown of the revenue in absolute amounts and as percentages to the total revenue of the Group by publishing models for the years indicated:

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Self-publishing games	921,084	99.9	774,590	99.8
Third-party publishing games	1,208	0.1	1,328	0.2
Total	922,292	100	775,918	100

The revenue increased by approximately RMB146.4 million, or 18.9%, from approximately RMB775.9 million for the year ended 31 December 2024 to approximately RMB922.3 million for the year ended 31 December 2025, primarily due to (i) the core new product *NBA Rivals* (美職籃巔峰對決) entering its first full contribution period. Building upon the low base established during its launch in the second half of 2024, its revenue achieved an explosive year-on-year growth in 2025. Serving as the core growth engine, it effectively propelled the Company's overall performance upwards; (ii) the core game *Total Football* (最佳球會) was operating steadily, resulting in continuously increasing revenue.

Cost of revenue

The following table sets forth a breakdown of the cost of revenue in absolute amounts and as percentages to the total cost of revenue of the Group for the years indicated:

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Commission fee to the platforms	274,069	62.0	224,824	62.5
License fees	116,682	26.4	91,116	25.3
Revenue sharing to third-party publishers	864	0.2	1,056	0.3
Staff costs	30,810	7.0	25,015	6.9
Server usage expenses	12,098	2.7	10,499	2.9
Others*	7,703	1.7	7,525	2.1
Total	442,226	100	360,035	100

* Others mainly consist of depreciation of property, plant and equipment and depreciation of right-of-use assets.

MANAGEMENT DISCUSSION AND ANALYSIS

The cost of revenue increased by approximately RMB82.2 million, or 22.8%, from approximately RMB360.0 million for the year ended 31 December 2024 to approximately RMB442.2 million for the year ended 31 December 2025. The increase in cost of revenue was mainly due to the corresponding increase in commission fees to the platforms and IP license fees based on revenue sharing as the revenue scale expands.

Gross profit and gross profit margin

The gross profit increased by approximately RMB64.2 million, or 15.4%, from approximately RMB415.9 million for the year ended 31 December 2024 to approximately RMB480.1 million for the year ended 31 December 2025. The gross profit margin of the Group decreased from approximately 53.6% for the year ended 31 December 2024 to approximately 52.1% for the year ended 31 December 2025. The increase in gross profit was mainly due to the increase in revenue from games. The decrease in gross profit margin was mainly due to the increase in commission fees to the platforms and license fees.

Other (Losses)/Gains, Net

Other (losses)/gains, net primarily consisted of (i) fair value gains on financial assets measured at fair value through profit or loss (“FVTPL”); (ii) gain on termination of leases; and (iii) net foreign exchange gains/(losses). For the year ended 31 December 2025, our other losses, net amounted to approximately RMB4.1 million, mainly because of the fluctuation of foreign currency exchange.

Other income

Other income increased by approximately RMB2.2 million, or 17.0%, from approximately RMB12.7 million for the year ended 31 December 2024 to approximately RMB14.8 million for the year ended 31 December 2025, mainly attributable to the increase in interest income from bank deposits.

Selling and marketing expenses

Selling and marketing expenses increased by approximately RMB16.0 million, or 10.8%, from approximately RMB147.3 million for the year ended 31 December 2024 to approximately RMB163.3 million for the year ended 31 December 2025, primarily attributable to the increase in marketing and advertising expenses for the game’s operations.

General and administrative expenses

The general and administrative expenses increased by approximately RMB8.7 million, or 14.5%, from approximately RMB60.1 million for the year ended 31 December 2024 to approximately RMB68.8 million for the year ended 31 December 2025, primarily attributable to the increased expenses due to business development.

R&D expenses

R&D expenses increased by approximately RMB22.1 million, or 16.5%, from approximately RMB133.7 million for the year ended 31 December 2024 to approximately RMB155.9 million for the year ended 31 December 2025, primarily attributable to the increased costs of expanding product portfolio and retaining core talents.

Finance cost

For the year ended 31 December 2025, finance cost amounted to approximately RMB4.3 million, primarily attributable to the interest accretion on non-current license fee and royalties payables arising from the Group's acquisition of the IP right licenses.

Income tax expenses

Compared with income tax expenses of approximately RMB1.4 million for the year ended 31 December 2024, we recorded income tax expenses of approximately RMB4.5 million for the year ended 31 December 2025, primarily attributable to the increase in profit for the year.

Liquidity, Financial and Capital Resources

As at 31 December 2025, the total assets of the Group increased by approximately RMB99.9 million or 15.8% to RMB731.6 million (2024: RMB631.6 million), the net current assets increased by approximately 13.7% to RMB332.9 million (2024: RMB292.9 million) and total equity increased by approximately 13.5% to RMB428.0 million (2024: RMB377.1 million) as compared to that as at 31 December 2024. The increase in current assets was mainly due to the increase in prepayments and cash and cash equivalents; the increase in current liabilities was mainly due to the increase in trade payables and other payables; the increase in total equity was mainly due to the increase in profit for the year.

As at 31 December 2025, the Group had no bank borrowings (31 December 2024: nil).

The Group's current ratio decreased to approximately 2.34 times for the year ended 31 December 2025 from approximately 2.5 times for the year ended 31 December 2024.

The Group's main capital resources are the revenue generated from game development and operation of the Group. As at 31 December 2025, the Group had cash and cash equivalents of approximately RMB452.5 million (2024: RMB377.7 million). The cash and cash equivalents were mainly denominated in RMB. For the purpose of presentation in the consolidated statement of cash flows, the cash and cash equivalents comprise cash on hand and demand deposits, which are subject to an insignificant risk of changes in value. The Group generally deposits its excess cash in interest-bearing bank accounts and current accounts.

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Net cash generated from operating activities	198,708	176,316
Net cash used in investing activities	(52,049)	(40,763)
Net cash used in financing activities	(66,768)	(58,666)
Net increase in cash and cash equivalents	79,891	76,887
Cash and cash equivalents at the end of the year	452,449	377,676

The Company's working capital is sufficient to maintain its normal operations. Leveraging healthy cash-generating capabilities, a refined cash management system, and high turnover efficiency under a light-asset model, the Company currently maintains ample and sustainable working capital. External financing instruments serve as a strategic reserve and will provide support for business expansion at an appropriate time.

As of the end of the Reporting Period, the Company had not entered into any general banking facilities agreements. During the Reporting Period, the Company's working capital was primarily satisfied by operating cash inflows, with cash reserves remaining ample, and there was no immediate need for bank financing. Going forward, the Company will apply for bank credit facilities in a timely manner based on business development needs.

Net cash generated from operating activities

Primary source of cash generated from operating activities consists of revenue generated from game development and operation of the Group. Cash used in operating activities are mainly used to fund the development, publishing and operation of the games. Cash flows generated from operating activities for the year ended 31 December 2025 was approximately RMB198.7 million, representing an increase of approximately RMB22.4 million when compared to approximately RMB176.3 million for the year ended 31 December 2024. The increase in cash flows from operating activities was primarily attributable to an increase in profit before tax.

MANAGEMENT DISCUSSION AND ANALYSIS

Net cash used in investing activities

Net cash used in investing activities primarily reflects cash used for purchases of financial assets at FVTPL, and purchases of property, plant and equipment, purchases of intangible assets; offset by proceeds from disposal of financial assets at FVTPL. Cash flows used in investing activities for the year ended 31 December 2025 was approximately RMB52.0 million, representing an increase of approximately RMB11.3 million when compared to approximately RMB40.8 million for the year ended 31 December 2024 which was mainly due to the Group increased its purchases of financial assets at fair value through other comprehensive income during the year.

Net cash used in financing activities

Net cash used in financing activities primarily reflects principal elements of lease liabilities and the payments for the purchase of existing Shares on the market pursuant to the Company's instruction to the relevant trust. Net cash used in financing activities for the year ended 31 December 2025 was approximately RMB66.8 million, which was mainly due to the Company's instruction to the relevant trust to purchase existing Shares on the open market for the purpose of satisfying the grant of Shares under the share award schemes.

Gearing ratio

As at 31 December 2025, gearing ratio (defined as debt divided by total equity, where debt includes lease liabilities and a financial liability at FVTPL) was 0.06 times (2024: 0.04 times).

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Lease liabilities		
– Current	5,321	2,664
– Non-current	20,316	12,489
Debt	25,637	15,153
Equity	428,039	377,133
Gearing ratio	0.06 times	0.04 times

Taking the operating cash flow, funds raised and other factors discussed in this report, the Board is of the view that the Group has sufficient financial resources to meet its funding requirements in the short or longer term.

Contingent Liabilities

As at 31 December 2025, the Group did not have any contingent liabilities (2024: nil).

Pledge of Assets

As at 31 December 2025, none of the assets of the Group was pledged (2024: nil).

Capital Commitments

As at 31 December 2025, the capital commitments of the Group was RMB3.8 million (2024: nil).

Material Acquisitions and Disposal of Subsidiaries

The Group had neither material acquisition nor disposal of subsidiaries, associates and joint ventures for the year ended 31 December 2025 (2024: nil).

Significant Investments

The Group did not have any significant investments for the year ended 31 December 2025 (2024: nil).

In accordance with Hong Kong Accounting Standard 7 “Statement of Cash Flows”, an entity shall report separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities. During the twelve months ended 31 December 2025, the Group has gross purchase of financial assets at FVTPL for RMB169,016,000 and gross proceeds from disposal of financial assets at FVTPL for RMB158,529,000. The aforementioned amounts represent the cumulative total purchase value of wealth management assets and listed equity investments from 1 January 2025 to 31 December 2025. This calculation does not differentiate based on the duration, termination, or maturity of individual wealth management product contracts, but rather aggregates them collectively. If calculated separately for each day within the Reporting Period, the principal or interest of wealth management product contracts in effect on any given day did not exceed 5% of the Company’s total assets as of 30 June 2025 and 31 December 2025, nor did it exceed 5% of any applicable percentage ratios under Rule 14.07 of the Listing Rules.

Future Plans for Material Investments and Capital Assets

As at 31 December 2025, the Group did not have any other future plans for material investments or capital assets (2024: same).

Treasury Policies and Foreign Exchange Exposure

The Group has adopted a prudent approach on treasury management for the purpose of investing the sufficient financial resources in wealth management products. The Group will closely monitor the liquidity position of the Group to ensure that the liquidity structure of the Group’s assets, liabilities and other commitments is consistently able to meet its funding requirements.

The Group’s foreign currency transactions are mainly denominated in United States dollar (“**US\$**”), European dollar (“**EUR**”) and Hong Kong dollar (“**HK\$**”). The majority of assets and liabilities are denominated in RMB, US\$, EUR and HK\$ and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities denominated in a currency other than RMB, which is the functional currency of the major operating companies within the Group.

The Group did not experience any significant liquidity problems resulting from currency exchange fluctuations during the year ended 31 December 2025 (2024: same). The Group did not hedge its foreign currency exposure during the year ended 31 December 2025 (2024: same).

Employees and Remuneration Policy

The Group had 591 full-time employees as at 31 December 2025 (2024: 491), most of whom were based in the PRC. The total staff costs amounted to approximately RMB239.9 million for the year ended 31 December 2025 (2024: RMB199.4 million).

The Group has established rules and procedures of recruitment, job promotion, compensation, benefits, leave, dismissal, etc. The Group determines employees’ compensation packages on the basis of work performance and the market standard of remuneration. The Group compensates its employees with base salaries and performance-based bonuses. The Group has adopted a share option scheme and three share award schemes which serve long term incentive designed to motivate, reward and retain directors and employees of the Group. For further details on the share option scheme and share award schemes, please refer to the section headed “Share Schemes”.

The Group’s member companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan and other defined contribution social security plans organized by relevant government authorities in the PRC on a monthly basis. The Group is committed to enhancing the professional knowledge and skills of our employees and promoting their personal growth and development. Our employees are also provided with training opportunities on various fronts, including induction training, business-related training and training on compliance and corruption prevention.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Jia Xiaodong (賈小東) (“Mr. Jia”), aged 39, co-founded our Group with Mr. Huang in December 2013. Mr. Jia was appointed as our Director on 12 June 2018 and was re-designated as our executive Director and appointed as the chairman of our Board (the “**Chairman**”) and the chief executive officer of our Group (the “**Chief Executive Officer**”) on 23 June 2021. Mr. Jia is also the chairman of the Nomination Committee and the ESG Oversight Committee. Mr. Jia is primarily responsible for formulating the overall business direction and strategic planning of our Group. Mr. Jia is also a director of certain other members of our Group, namely 深圳市望塵莫及科技有限公司(Shenzhen Wangchen Moji Technology Co., Ltd.) (“**WFOE**”), 深圳市創真視界科技有限公司(Shenzhen Chuangzhen Shijie Technology Co., Ltd.) (“**Chuangzhen Shijie**”), Gala Technology International Limited (“**Gala Technology (BVI)**”), Gala Technology (Hong Kong) Limited (“**Gala Technology (HK)**”) and Gala Sports Technology Limited (“**Gala Sports HK**”). Mr. Jia is the sole director of Great Shine Holding Limited (“**Great Shine**”), a substantial shareholder of the Company within the meaning of Part XV of the SFO, Chapter 571 of the laws of Hong Kong.

Prior to founding our Group in December 2013, from June 2010 to August 2013, Mr. Jia served as the main planner of “Fantasy Basketball Manager” and product manager of Shenzhen Fantasy Technology Co., Ltd. (深圳市範特西科技有限公司), and was subsequently promoted to be the general manager of the mobile department, where he was primarily responsible for the R&D of this company’s only mobile game at the time, team management, publishing management and market development.

Mr. Jia has been a qualified High-Level Talents (高層次人才) certified by Human Resources Bureau of Bao’an District, Shenzhen (深圳市寶安區人力資源局) since October 2018 and a qualified High-Level Professional (高層次專業人才) certified by Human Resources and Social Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局) since May 2018.

Mr. Jia obtained a bachelor’s degree in telecommunications engineering from Xi’an College of Posts & Telecommunications (西安郵電學院) in the PRC in July 2010 and obtained a master’s degree in science in telecommunications from The Hong Kong University of Science and Technology in Hong Kong in November 2012.

Mr. Huang Xiang (黃翔) (“Mr. Huang”), aged 42, co-founded our Group with Mr. Jia in December 2013. He was appointed as our Director on 12 June 2018 and was re-designated as our executive Director on 23 June 2021. Mr. Huang has been primarily responsible for overseeing the operations and technical aspects (including product development and know-how management) of our Group. Mr. Huang is also a director of certain other members of our Group, namely Gala Technology (BVI), Gala Technology (HK) and Wild Caly Pte. Ltd (“**Wild Caly**”). Mr. Huang is the sole director of High Triumph Holding Limited (“**High Triumph**”), a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mr. Huang has over 12 years of experience in the electronic engineering industry. From 2009 to 2012, Mr. Huang served as a software engineer at In2media Group, a creative digital agency, where he was primarily responsible for creative content and 3D engine development.

Mr. Huang obtained a bachelor’s degree in business administration from Changsha University of Science and Technology (長沙理工大學) in the PRC in June 2006 and he is currently a doctoral student majoring in engineering science in Tsinghua University (清華大學) in the PRC.

Mr. Li Xin (李欣) (“Mr. Li”), aged 43, was appointed as our Director on 12 June 2018 and was re-designated as our executive Director on 23 June 2021. Mr. Li took up the role of the Chief Financial Officer on 29 April 2024. Mr. Li is a member of the Remuneration Committee. He is primarily responsible for overseeing the financial management, human resources management, marketing and business development of our Group. Mr. Li is also a director of Gala Technology (HK).

Prior to joining our Group in April 2016, from May 2010 to March 2014, Mr. Li served as a head of business development department of Chengdu High-Tech Investment Group Co., Ltd. (成都高新投資集團有限公司), an investment company, where he was primarily responsible for overseeing the sales and business development. From April 2014 to April 2016, he served as a vice president of Tap4fun Co., Ltd. (成都創人所愛科技股份有限公司), a mobile game development and publishing company, where he was primarily responsible for overseeing the business development, investment and overall management.

Mr. Li obtained a bachelor's degree in information engineering from Shanghai Jiao Tong University (上海交通大學) in the PRC in July 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhan Peixun (詹培勳) ("Mr. Zhan"), aged 39, was appointed as an independent non-executive Director on 20 December 2022. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Zhan is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Zhan has more than 6 years of finance experience. From December 2012 till now, he has been serving as director at Shenzhen Chiu Heung Tea Co., Ltd. (深圳潮鄉茶業有限公司), a brand retail firm, where he is mainly responsible for company strategy development and public relation management. Since May 2018, he has been serving as a director at Shenzhen Bonuo Management Consulting Company Limited (深圳博諾管理諮詢有限責任公司), a business consulting firm, where he is mainly responsible for providing professional advice to corporate clients on fundraising, investment and management.

Mr. Zhan has been a member of Chinese Financial Association of Hong Kong (香港中國金融協會) since November 2014. Since March 2017, he has been serving as the Deputy Secretary-General of Hong Kong Chiu Chow Chamber of Commerce (香港潮州商會), a prestigious centennial chamber of commerce. He was appointed as a committee member of the Youth Committee of All-China Federation of Returned Overseas Chinese (中國僑聯青年委員會) since November 2019. He was appointed as a Member of Guangdong Youth Federation (廣東省青聯委員) since June 2022. Mr. Zhan obtained a bachelor's degree in management from Sun Yat-sen University in June 2010 and a master's degree in social science from The Hong Kong University of Science and Technology in November 2011. Since 2019, he has been a part-time PhD candidate in finance at the Shanghai University of Finance and Economics.

Ms. Jiang Xueying (江雪穎) ("Ms. Jiang"), aged 44, was appointed as an independent non-executive Director on 20 June 2025. She is also the chairlady of the Audit Committee and a member of the Remuneration Committee. Ms. Jiang is primarily responsible for providing independent advice on the operations and management of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Jiang's career spans several industries. From September 2008 to June 2014, she served as a senior auditor in Ernst & Young Hua Ming LLP Chengdu Branch and participated in various important audit projects. From January 2015 to May 2019, she served as the financial manager of UpToDate Asia Pacific region of Beijing Wolters Kluwer Asia Pacific Information Technology Co., Ltd. (北京威科亞太信息技術有限公司), where she was responsible for budgeting, data modeling and financial process optimization. From November 2019 to November 2021, she served as the financial director of Chengdu Yunlan Technology Limited (成都雲覽科技有限公司), a joint venture of Tencent and Transsion, where she built up the financial management system of the company and promoted its global business development. From November 2021 to 23 April 2025, she was the financial director of Chengdu Alanber Healthcare Limited (成都阿蘭貝爾健康管理有限公司), responsible for coordinating financial management system and improving internal control. Since January 2023, she has been serving as an independent director with financial expertise of Sichuan Medicom Software Co., Ltd. (a company listed on the NEEQ, stock code: 874537), where she is responsible for assisting in managing financial position, building operating model and optimizing business processes. Since 25 April 2025, she has been the deputy general manager of Sichuan Huada Kangyuan Bio-technology Company Limited (四川華大康源生物技術有限公司), responsible for the company's strategic planning and execution, development of healthcare business, business process digitalisation, as well as oversight of human resources, finance and supply chain management.

Ms. Jiang has obtained a master's degree in international finance and a bachelor's degree in computer science and technology from Sichuan University, and she is a Chinese certified public accountant.

Ms. Chak Hoi Kee Clara (翟凱琪) ("Ms. Chak"), age 53, was appointed as an independent non-executive Director on 20 December 2022. She is also a member of each of the Audit Committee and the Nomination Committee. Ms. Chak is primarily responsible for providing independent advice on the operations and management of our Group.

Ms. Chak has more than 17 years of experience in the field of corporate development, mergers and acquisitions and private equity investments. From January 2004 to August 2006, she served with her last position as Associate Director at Sun Hung Kai Properties Direct Investment Ltd., an investment company where she was responsible for private equity and related investments. From September 2006 to May 2008, she served as Associate Director at GE Corporate Financial Services Asia, a financial services division of General Electric where she was responsible for conducting due diligence, valuation and negotiation on investments including the potential investments in financial institutions in the PRC and Vietnam. From June 2008 to April 2012, she served as Vice President at JRE Partners, a joint venture focused on Greater China where she was responsible for the full investment cycle from deal sourcing, due diligence, financial projections, terms negotiation to investment documentation. From May 2012 to April 2018, she served as Head of Business Development at Maxim's Caterers Limited, a Hong Kong based food, beverage and restaurant chain where she was responsible for the group's M&A and business development activities. From November 2018 to October 2019, she served as Chief Financial Officer at Bayshore Pacific Hospitality Limited, a Taiwan based restaurant chain where she was mainly responsible for the full accounting, finance and fund-raising functions. Since November 2019, she has been serving as Managing Director at LionRock Capital Limited, a Hong Kong based private equity fund where she was responsible for leading direct investment activities from deal sourcing, due diligence, financial projections, terms negotiation to investment documentation.

Ms. Chak has been qualified as a Chartered Financial Analyst (CFA) by the CFA Institute since August 2002. Ms. Chak obtained a bachelor's degree Economics and Political Science from University of Toronto in June 1995 and a master's degree in Business Administration from The Chinese University of Hong Kong in December 2000.

SENIOR MANAGEMENT

Mr. Zeng Ke (曾科), aged 42, joined our Group as the vice president of R&D department in April 2014 and he is primarily responsible for project management and engine development of our Group. Prior to joining our Group, from March 2011 to March 2014, he served as a software engineer of Microsoft Corporation, where he was primarily responsible for development of Microsoft Office 2013.

Mr. Zeng obtained a master's degree in computer science from University of Southern California in the United States in December 2010.

Mr. Zhao Xin (趙鑫), aged 38, joined our Group as the vice president in April 2016 and he is responsible for overseeing the business development for the domestic and overseas markets.

Prior to joining our Group, from July 2011 to November 2012, Mr. Zhao served as the product manager of Gospell Digital Technology Co., Ltd. (高斯貝爾數碼科技股份有限公司), a company mainly engaged in R&D and manufacturing of communication equipment, whose shares are listed on the Main Board of the Shenzhen Stock Exchange (stock code: 2848), where he was primarily responsible for overseeing the strategy planning of the products and overall management of mobile department. From December 2012 to November 2015, Mr. Zhao served as the marketing director of Tap4fun Co., Ltd. (成都創人所愛科技股份有限公司), a software development company, where he was primarily responsible for the promotion and distribution of the company's products in the global market.

Mr. Zhao obtained a bachelor's degree in science from Texas Christian University in the United States in May 2011.

CHANGES IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed in this report, to the best knowledge of the Company, there were no changes in the information of the Directors and chief executives of the Company subsequent to the date of the interim report of the Company for the six months ended 30 June 2025 which are required to be disclosed and have been disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are mobile sports game development, publishing and operation in the PRC, details of which are set out in Note 15 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 which contains a fair review of the Company's business using financial key performance indicators, a description of the principal risks and uncertainties faced by the Group and an indication of likely future development in the Company's business, is set out in the Chairman's Statement and Management Discussion and Analysis sections from pages 4 to 15 of this report.

These discussions form part of the Report of the Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to leveraging its established business to deliver value, make contribution and fulfill its corporate responsibility for the society. Moreover, it endeavors to adhere to a high standard of corporate governance and operate its business with integrity and on a compliant basis by adopting and implementing its environmental, social and governance policy. The Group operates its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations. The "Environmental, Social and Governance Report", which forms part of this report, is set out on pages 66 to 121 of this report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and the management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2025, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Group believes that its success depends on the support from key stakeholders which comprise employees, customers and suppliers.

Discussions on the Group's relationships with its employees, customers and suppliers is contained in the section headed "Environmental, Social and Governance Report" on pages 66 to 121 of this report.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

There were no other material and significant events that would affect the Group after 31 December 2025 and up to the date of this report.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of comprehensive income on page 126 of this report.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 25 June 2026 (the “**2026 AGM**”). A notice convening the 2026 AGM will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.galasports.com), and will be issued or despatched to the shareholders of the Company within such time and in such manner as required under the Listing Rules.

FINAL DIVIDEND

After taking into consideration the capital expenditure required by the Group’s plan to develop new games and promote its existing games and new games in overseas markets in 2026, the Board recommended not to declare any final dividend of the Company for the year ended 31 December 2025 (2024: nil).

There is no arrangement that any shareholder of the Company has waived or agreed to waive any dividend.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholder’s eligibility to attend and vote at the 2026 AGM, the register of members of the Company (the “**Register of Members**”) will be closed from Thursday, 18 June 2026 to Thursday, 25 June 2026 (both days inclusive). In order to qualify to attend and vote at the 2026 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Wednesday, 17 June 2026. Shareholders whose names appear on the Register of Members at the close of business on Thursday, 25 June 2026, being the record date, are entitled to attend and vote at the 2026 AGM.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company during the year ended 31 December 2025 are set out in Note 33 to the consolidated financial statements.

As at 31 December 2025, the Company had no distributable reserves available for dividend distribution, calculated in accordance with the provisions of the applicable laws and regulations of the Cayman Islands (2024: nil).

REPORT OF THE DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year ended 31 December 2025 are set out in Note 16 to the consolidated financial statements.

BORROWINGS

The Group had no bank borrowings during the year ended 31 December 2025 (2024: nil).

SHARE CAPITAL

Details of the movements in the share capital of the Company for the year ended 31 December 2025 are set out in Note 26 to the consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 188 of this report.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including the sales of treasury shares) during the year ended 31 December 2025.

As at 31 December 2025, there were 32,800 treasury shares held by the Company. The Board is of the view that the Company's repurchases and holding of Shares as treasury shares provides enhanced flexibility to either dispose of such treasury shares at market price to raise additional capital for the Company, or transfer/allocate them for share grants under equity incentive schemes compliant with Chapter 17 of the Listing Rules, as well as for other purposes permitted under the Listing Rules, the Articles and applicable laws of the Cayman Islands.

ISSUE OF NEW SHARES UNDER THE 2023 SHARE AWARD SCHEME

During the Reporting Period, the Company issued an aggregate of 4,742,928 ordinary shares of the Company pursuant to the 2023 Share Award Scheme. The purpose of such issuance was to satisfy the grant of awarded shares by the Company to the relevant grantees on 11 July 2024. Such shares were issued under the scheme mandate limit. For details, please refer to the announcements of the Company dated 11 July 2024, 25 April 2025 and 29 April 2025.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set forth in Appendix C3 to the Listing Rules since the Listing Date. The Company has made specific enquiry with its Directors and all Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2025.

SHARE SCHEMES

The Company has four existing share schemes, namely the Share Option Scheme, the 2023 Share Award Scheme (settled by issuance of new Shares), the Executive Aligned Share Award Scheme (funded by existing Shares) and the 2025 Share Award Scheme (funded by existing Shares). As at the date of this report, the Company has 142,710,128 Shares in issue (excluding treasury shares) (the “**Issued Shares**”). The total number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the year ended 31 December 2025, divided by the weighted average number of Issued Shares (excluding treasury shares) for the year ended 31 December 2025 was approximately 7.8%.

On 24 October 2023, Futu Trustee Limited was appointed by the Company as trustee for the administration of the 2023 Share Award Scheme in accordance with its rules. On 15 December 2023, Kastle Limited was appointed by the Company as trustee for the administration of the Executive Aligned Share Award Scheme in accordance with its rules. On 19 September 2025, BOCI Trustee (Hong Kong) Limited was appointed by the Company as trustee for the administration of the 2025 Share Award Scheme in accordance with its rules (collectively, the “**Trustees**”). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Trustees and their ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company. The Company has entered into a trust deed with each of the Trustees in respect of their respective appointments.

1. SHARE OPTION SCHEME

The following is a summary of the principal terms of share option scheme (the “**Share Option Scheme**”) adopted by the Company on 21 December 2022 (the “**Option Adoption Date**”), pursuant to which the Company may grant options to eligible participants to subscribe for Shares subject to the terms and conditions stipulated therein. For details, please refer to the prospectus of the Company dated 30 December 2022.

(a) Purpose

The main purpose of the Share Option Scheme is to recognize and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an on-going relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Eligible participants

The Board may, at its discretion, offer to grant an option to the following persons (collectively, the “**Eligible Participants**”, and each an “**Eligible Participant**”) to subscribe for such number of new Shares: (i) any full-time or part time employees, executives or officers of the Company or any of its subsidiaries; and (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries.

(c) Maximum number of Shares available for issue

Pursuant to the terms and conditions of the Share Option Scheme, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at 16 January 2023, being the date on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange (the “**Listing Date**”), being 13,800,000 Shares. No service provider sublimit was set under the Share Option Scheme.

No share options have been granted since the Option Adoption Date. Therefore, no share options were granted or exercised or cancelled or lapsed and no new Shares were issued pursuant to the Share Option Scheme during the year ended 31 December 2025 and no share options were outstanding under the Share Option Scheme as at 1 January 2025 and 31 December 2025, respectively. It follows that as at both the respective dates of 1 January 2025 and 31 December 2025, share options in respect of 13,800,000 Shares are available for grant under the Share Option Scheme.

As at the date of this report, a total of 13,800,000 new Shares were available for issue upon exercise of all options granted under the Share Option Scheme, representing approximately 9.7% of the Issued Shares (excluding treasury shares).

(d) Maximum entitlement of each participant

The total number of Shares underlying the options offered to each Eligible Participant which, when aggregated with any Shares issued or to be issued in respect of all options or awards granted thereto (excluding any options or awards lapsed in accordance with the terms of the relevant schemes) under the Share Option Scheme and other share schemes of the Company in any 12-month period shall not exceed 1% of the total number of Shares in issue on the date of grant (the “**Individual Limit**”).

Any further grant of options to each Eligible Participant exceeding the Individual Limit shall be subject to separate approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her close associates (or his/her associates if the Eligible Participant is a connected person) abstaining from voting.

(e) Grant of options to a director, chief executive or substantial shareholder of the Company

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director (or any of their respective associates (as defined in the Listing Rules)) which will result in the total number of Shares issued and to be issued in respect of all options granted to such person under the Share Option Scheme (excluding any options lapsed in accordance with the terms of such schemes) in the 12-month period up to and including the date of such grant exceeding 0.1% of the issued Shares of the relevant class, such further grant of options will be subject to, in addition to the abovementioned approval of the independent non-executive Directors, the approval of our Shareholders in general meeting in accordance with Rule 17.04(4) of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time.

(f) Acceptance of option and option period

An option shall be deemed to have been granted and accepted by an Eligible Participant and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. Such remittance or payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

An option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the Eligible Participant by giving notice in writing to the Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

The vesting period of any options shall not be less than 12 months. An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the Option Adoption Date.

(g) Basis of determining the subscription price of options granted

Subject to adjustments in accordance with the terms of the Share Option Scheme, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day; and (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant.

(h) Performance targets and clawback mechanism

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised. The performance targets shall be assessed in accordance with any one or more of the following corporate-wide or subsidiary, division, operating unit, line of business, project, geographical or individual performance measures (the "**Performance Measures**") during a specified performance period: cash flow; earnings; earnings per share; market value added or economic value added; profits; return on assets; return on equity; return on investment; sales; revenue; Share price; total shareholder return; customer satisfaction metrics; and such other goals as our Board may determine from time to time. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or shares outstanding, investments or to assets or net assets. The Board may, in its sole discretion, amend or adjust the Performance Measures and establish any special rules and conditions to which the Performance Measures shall be subject at any time.

No clawback mechanism is stipulated in the Share Option Scheme.

(i) Remaining life of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Option Adoption Date. As at the date of this report, the remaining life of the Share Option Scheme is approximately 6 years and 8 months.

2. 2023 SHARE AWARD SCHEME

The following is a summary of the principal terms of 2023 share awards scheme (the “**2023 Share Award Scheme**”) adopted by the Company on 14 December 2023 (the “**Award Adoption Date**”), pursuant to which the Company may grant awards (the “**Awards**”) to be settled in new Shares (the “**Awarded Shares**”) to Selected Participants (as defined below) subject to the terms and conditions stipulated therein. For details, please refer to the circular dated 24 November 2023 of the Company in relation to the adoption of the 2023 Share Award Scheme.

(a) Purpose

The purpose and objectives of the 2023 Share Award Scheme are to (i) recognise and reward the contribution of the Selected Participants (being Employee Participants and Related Entity Participants) to the growth and development of the Group and to provide them with incentives to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

(b) Eligible participants

Pursuant to the 2023 Share Award Scheme, the Board may, in its discretion, grant Awards to the following parties (collectively, the “**Selected Participant(s)**”): (i) full-time or part-time employees of the Group (including persons who are granted Awards under the 2023 Share Award Scheme as an inducement to enter into employment contracts with members of the Group) but excluding core connected persons thereof, such as its Directors and chief executive officer (the “**Employee Participants**”); or (ii) employees of the holding companies, fellow subsidiaries or associated companies of the Company (the “**Related Entity(ies)**”), but excluding core connected person(s) of the Related Entity(ies), such as chief executive officers, directors and etc. (the “**Related Entity Participants**”).

(c) Maximum number of Shares available for grant

The total number of Shares which may be issued in respect of all options and awards to be granted under the 2023 Share Award Scheme and other share schemes of the Company, if any (the “**Scheme Mandate Limit**”) shall not exceed 6,900,000 Shares, representing 5% of the total number of Shares in issue as at the Award Adoption Date or the date on which the refreshment of the Scheme Mandate Limit has been approved. No service provider sublimit was set under the 2023 Share Award Scheme.

During the Reporting Period, no Awards have been granted or cancelled, while 1,369,181 Awards were vested, 3,119,597 Awards remained outstanding and yet to be vested and 236,252 Awards lapsed under the 2023 Share Award Scheme. The same number of Shares is available for grant under the 2023 Share Award Scheme as at the respective dates of 1 January 2025 and 31 December 2025, being 2,157,072 Shares. As at the date of this report, 2,157,072 new Shares, representing approximately 1.5% of the Issued Shares (excluding treasury shares) as at the date of this report were available for issue under the Scheme Mandate Limit.

(d) Maximum entitlement of each participant

The maximum number of Shares in respect of one or more Awards granted to a Selected Participant during the 12-month period up to and including the date of Award, together with any Shares issued and to be issued pursuant to all options and awards granted to such Selected Participant under any share schemes of the Company, shall not (i) in aggregate exceed 1% of the issued share capital of the Company as at the Award Adoption Date; nor (ii) exceed any limits applicable to such Selected Participant under the Listing Rules. For the avoidance of doubt, Selected Participants under the 2023 Share Award Scheme do not involve directors, chief executives or substantial shareholders of the Company, and as such Rule 17.04 of the Listing Rules is not applicable.

(e) Vesting period

The vesting date in respect of any Award shall be not less than 12 months from the grant date, provided that for Employee Participants, the vesting date may be less than 12 months from the grant date (including the grant date) in the following circumstances: (a) grants of “make whole” awards to new Employee Participants to replace Awards such new Employee Participants forfeited when leaving their previous employers; (b) grants to an Employee Participant whose employment is terminated due to death, disability or event of force majeure; (c) grants of Awards which are subject to the fulfilment of performance targets specified in the award notice; (d) grants of Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant Employee Participant, in which case the vesting date may be adjusted to take account of the time from which the Award would have been granted if not for such administrative or compliance requirements; (e) grants of Awards with a mixed vesting schedule such that the Awards vest evenly over a period of 12 months; (f) grants of Awards with a total vesting and holding period of more than 12 months; or (g) grants of Awards to an Employee Participant who has retired at his normal retirement date or an earlier retirement date (with prior agreement given by the Company or the subsidiary or the Related Entity), or there is any change in control of the Company by way of offer, merger, scheme of arrangement or otherwise. Notwithstanding any contrary provisions set forth in (a) to (g) above, the vesting period for non-Employee Participants shall not be less than 12 months.

(f) Amount payable on application or acceptance of an Award

The Board or such person(s) from time to time delegated by the Board with the power and authority to administer the 2023 Share Award Scheme (the “Committee”) may determine in its absolute discretion the amount (if any) payable on application or acceptance of an Award and the period within which any such payments must be made, which amounts (if any) and periods shall be set out in the award notice.

(g) Basis of determining the purchase price of Awarded Shares

The Board and the Committee may determine and specify the purchase price of the Awarded Shares (if any) in the award notice. The purchase price of the Awarded Shares (i.e. the price payable by a Selected Participant for the purchase of the Awarded Shares), if any, shall be such price as determined by the Board from time to time based on considerations such as the prevailing closing price of the Shares, the purpose of the Award and the characteristics and profile of the Selected Participant. Such room for discretion provides the Board with flexibility to stipulate, if necessary, a purchase price for Awarded Shares, while balancing the purpose of the Award and the interests of the Shareholders.

(h) Performance targets and clawback mechanisms

The Board or the Committee may at its discretion specify any conditions (including performance targets) which must be satisfied before the Award may be vested in the award notice. Such performance targets may include, among other things, (i) financial parameters relevant to the Group (such as revenue, market share and net profit of relevant products or services of the Group); (ii) non-financial parameters of the Group (such as the contribution to the brands/reputation or business development of the Group, the active users retention rate, users payment rate, etc.); (iii) individual performance indicators relevant to the roles and responsibilities of the Selected Participant (such as the frequency and quality of updates to game product content and the number of new licenses obtained); and/or (iv) other targets the Board or the Committee may determine in its absolute discretion. Based on the tasks assigned to the Selected Participants, the Board or the Committee will consider a number of non-financial parameters which include, among other things, new game product development progress, game product or service quality, player refund rate, staff turnover rate, staff training and development, etc. The Board believes that by increasing the flexibility of the Board in setting the terms and conditions of the 2023 Share Award Scheme in particular circumstances of each grant, the Company will be in a better position to provide meaningful incentives to attract and retain high calibre talents and to strengthen the ties with those who have been/are bring value to the development of the Group through the 2023 Share Award Scheme. It is not practicable to specify a common set of performance target in the 2023 Share Award Scheme, since each grantee will have different roles and contribute to the Group in different ways. The Board considers that it is more beneficial for the Company to retain the flexibility to determine when and to what extent such conditions are appropriate in light of the particular circumstances of each grant, and therefore such arrangements align with the purposes of the 2023 Share Award Scheme.

The 2023 Share Award Scheme has in place certain clawback mechanisms where the Board may, at its sole and absolute discretion, require the Selected Participants to return the gains from the vested Awarded Shares in the event of serious misconduct, omission to perform any of his duties or other circumstances. For details, please refer to the circular dated 24 November 2023 of the Company in relation to the adoption of the 2023 Share Award Scheme.

(i) Remaining life of the 2023 Share Award Scheme

The 2023 Share Award Scheme shall be valid and effective for a period of ten years from the Award Adoption Date unless the Board decides to terminate it in accordance with the rules of the scheme. As at the date of this report, the remaining life of the 2023 Share Award Scheme is approximately 7 years 8 months.

Details of the movements of the Awarded Shares granted under the 2023 Share Award Scheme during the Reporting Period are as follows:

Grantees by categories	Date of grant	Purchase price	Performance Target (if any)	Vesting period	Number of Awards						Unvested Awards as at 31 December 2025	Closing price of the Shares immediately before the grant during the Reporting Period (HK\$)	Fair value of Awards on the date of grant and the accounting standard and policy adopted	Weighted average closing price of Shares underlying Awards immediately prior to the date of vesting (HK\$)
					Unvested Awards as at 1 January 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period					
61 employees of the Group	11 July 2024	Nil	Note 1	Note 2	4,725,030	0	1,369,181	236,252	0	3,119,597	N/A	N/A, Note 3	3.44	

Notes:

- Award Grantees need to achieve their personal performance appraisal goals during each vesting period. These goals and their achievement will be set and evaluated by the Group.
- The grants to the Award Grantees are scheduled to vest in three installments within a total of 36 months, with the first vesting of the Awards falling on a date which is 12 months from the relevant date of grant (the "Award Grant Date"), and thereafter a waiting period of 12 months between each vesting, in particular: (i) 30% of the Awarded Shares will vest on the first anniversary of the Award Grant Date; (ii) 30% of the Awarded Shares will vest on the second anniversary of the Award Grant Date; and (iii) 40% of the Awarded Shares will vest on the third anniversary of the Award Grant Date.
- For details of the accounting policy for share-based payments, please see Note 3.11 to the consolidated financial statements.
- As at the Award Grant Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Award Grantees is a Director, a chief executive, a substantial Shareholder of the Company, nor any of their associates (as defined under the Listing Rules).
- There are no arrangements in respect of the grant to the Award Grantees on the Award Grant Date to provide financial assistance to the Award Grantees to facilitate the purchase of the Awarded Shares.
- For further details of the Awarded Shares granted under the 2023 Share Award Scheme, please refer to the announcement of the Company dated 11 July 2024.

The total number of Shares that could be issued as a result of share awards granted under 2023 Share Award Scheme of the Company during the year ended 31 December 2025, divided by the weighted average number of Issued Shares (excluding treasury shares) during the year ended 31 December 2025 was approximately 3.5%.

3. EXECUTIVE ALIGNED SHARE AWARD SCHEME

The following is a summary of the principal terms of the share award scheme (the “**Executive Aligned Share Award Scheme**”) adopted by the Company on 15 December 2023 (the “**adoption date**”), pursuant to which the Company may grant share awards (“**Share Awards**”) to Eligible Persons (as defined below) subject to the terms and conditions stipulated therein. For details, please refer to the announcement dated 15 December 2023 of the Company.

As the Executive Aligned Share Award Scheme is solely funded by existing Shares to be purchased by the relevant trustee on the secondary market of the Stock Exchange and does not involve any issue of new Shares, the Executive Aligned Share Award Scheme constitutes a share scheme under Rule 17.01(1)(b) of the Listing Rules, the adoption of which is not subject to shareholders’ approval. The Company shall comply with Rule 17.12 of the Listing Rules, as well as the relevant requirements under the rules of the Executive Aligned Share Award Scheme and Chapter 14A of the Listing Rules in respect of grants of Shares (“**award shares**”) to connected persons of the Company, if any.

(a) Purpose

The Executive Aligned Share Award Scheme aims to (i) recognise and acknowledge the contribution that the Eligible Persons have made or may make to the Group; and (ii) reward the Eligible Persons who have achieved outstanding performance in order to attract suitable talents to drive the further development of the Group.

(b) Eligible Persons

Pursuant to the Executive Aligned Share Award Scheme, the Board may, in its discretion, grant Share Awards to the following parties (collectively, the “**Eligible Person(s)**”): (i) any member of the senior management or director of the Group; and (ii) any person determined by the Board to be eligible to participate in the Executive Aligned Share Award Scheme. The Board may cause to be paid to the relevant trustee or the relevant trust holding company, either before or after the determination of Eligible Persons, such sums as may be necessary for the purpose of purchasing existing Shares from the market as award shares under the Executive Aligned Share Award Scheme and for other purposes set out in its rules and the trust deed.

(c) Maximum number of shares for grant

The total number of Shares to be granted by the Board under the Executive Aligned Share Award Scheme shall not exceed 5% of the issued share capital of the Company as at the adoption date (being not more than 6,900,000 Shares, representing approximately 5% of the Issued Shares (excluding the treasury shares)). There is no restriction on the relevant Eligible Person in relation to (i) the number of Shares that may be awarded under the Executive Aligned Share Award Scheme; and (ii) the amount that is required to be paid to the relevant trustee in respect of the making of such purchases. No service provider sublimit was set under the Executive Aligned Share Award Scheme.

On 5 September 2025, the Board has resolved to grant Share Awards, comprising a total of 2,867,800 award shares to 2 Eligible Persons under the Executive Aligned Share Award Scheme, none of which being connected persons of the Company. During the Reporting Period, no Awards have been cancelled or lapsed, while 2,816,490 Awards were vested, and 51,310 Awards remained outstanding and yet to be vested under the Executive Aligned Share Award Scheme. It follows that, on 1 January 2025 and 31 December 2025, the numbers of awards available for grant under the Executive Aligned Share Award Scheme were 4,105,500 Shares and 1,237,700 Shares, respectively. As at the date of this report, the number of awards available for grant under the Executive Aligned Share Award Scheme was 1,237,700 Shares, representing approximately 0.9% of the Issued Shares (excluding treasury shares).

(d) Vesting period

The Board shall issue or direct the relevant trustee to issue a vesting notice to the relevant Eligible Person thirty (30) business days prior to the vesting date specified in the relevant grant letter to be issued, and, subject to the receipt by the relevant trustee of the requisite information and documents duly signed by the relevant Eligible Person within the period specified in the vesting notice, the relevant trustee shall, as soon as practicable after the vesting date, transfer or cause the relevant trust holding company to transfer the relevant award shares to the relevant Eligible Person and in any event not later than thirty (30) business days after the vesting date. The management committee may, in its sole discretion, determine the vesting schedule.

(e) Duration and termination

Unless the Board decides to terminate it in accordance with the rules of the scheme, the scheme shall be valid and effective from the adoption date until the earlier of (i) the date falling on the fifth anniversary of the adoption date; or (ii) the date on which all the unvested award shares have been fully vested, delivered, lapsed, forfeited or cancelled (as the case may be).

(f) Performance targets and clawback mechanisms

No general performance targets and/or clawback mechanisms are stipulated under the Executive Aligned Share Award Scheme.

(g) Remaining life of the Executive Aligned Share Award Scheme

The Executive Aligned Share Award Scheme shall be valid and effective for a period of five years from the adoption date or such earlier date as determined by the Board. As at the date of this report, the remaining life of the Executive Aligned Share Award Scheme is approximately 2 years and 8 months.

Details of the movements of the award shares granted under the Executive Aligned Share Award Scheme during the Reporting Period are as follows:

Grantees by categories	Date of grant	Purchase price	Performance target (if any)	Vesting date/ Vesting period	Number of award shares						Unvested award shares as at 31 December 2025	Closing price of the Shares immediately before the grant during the Reporting Period (HK\$)	Fair value of award shares on the date of grant and the accounting standard and policy adopted ^{Note 3}	Weighted average closing price of Shares underlying award shares immediately prior to the date of vesting (HK\$)
					Unvested award shares as at 1 January 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Unvested award shares as at 31 December 2025				
Five highest paid employees of 2024 in aggregate	10 December 2024	0	Note 1	10 December 2024	0	0	0	0	0	0	N/A	N/A	N/A	
Five highest paid employees of 2025 in aggregate	5 September 2025	0	Note 1	Note 2	0	2,867,800	2,816,490	0	0	51,310	5.96	HK\$5.99 Note 3	5.99	

Notes:

1. Grantees of Share Awards need to achieve their personal performance appraisal goals. Such goals and their attainment thereof will be set and evaluated by the Group.
2. The awarded shares were granted by the Company to 2 Eligible Persons on 5 September 2025 subject to separate vesting arrangements, including: (a) 100% of the awarded shares were vested on 12 December 2025; and (b) the grant to the award grantee was scheduled to vest in three installments, in particular: (i) 30% of the awarded shares were vested on 12 December 2025; (ii) 30% of the awarded shares shall vest no later than 31 December 2026; and (iii) 40% of the awarded shares shall vest no later than 31 December 2027.
3. For details of the accounting policy for share-based payments, please see Note 3.11 to the consolidated financial statements.

4. 2025 SHARE AWARD SCHEME

The following is a summary of the principal terms of the share award scheme (the “**2025 Share Award Scheme**”) adopted by the Company on 19 September 2025 (the “**2025 Scheme Adoption Date**”), pursuant to which the Company may grant share awards (“**Share Awards**”) to Selected Persons (as defined below) subject to the terms and conditions stipulated therein. For details, please refer to the announcement dated 19 September 2025 of the Company.

As the 2025 Share Award Scheme is solely funded by existing Shares, whether acquired by the relevant trustee on the secondary market of the Stock Exchange or received from any Shareholder, and does not involve any issue of new Shares, the 2025 Share Award Scheme constitutes a share scheme under Rule 17.01(1)(b) of the Listing Rules, the adoption of which is not subject to shareholders’ approval. The Company shall comply with Rule 17.12 of the Listing Rules, as well as the relevant requirements under the rules of the 2025 Share Award Scheme and Chapter 14A of the Listing Rules in respect of grants of Shares to connected persons of the Company, if any.

(a) Purpose

The purposes of the 2025 Share Award Scheme are (i) recognise the contributions by the Selected Persons with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals for the continual operation and development of the Group; (iii) provide additional incentives for them to achieve performance goals; (iv) attract suitable personnel for further development of the Group; and (v) motivate the Selected Persons to maximise the value of the Company for the benefits of both the Selected Persons and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Selected Persons directly to the Shareholders through ownership of Shares.

(b) Selected Persons

Pursuant to the 2025 Share Award Scheme, the Board may, at its discretion, grant Share Awards to certain eligible grantees (collectively, the “**Selected Person(s)**”), including: (i) employees of the Group, whether part-time or full-time; (ii) any senior management or Director of the Group; and (iii) any person determined by the Board to be eligible to participate in the 2025 Share Award Scheme. The Company shall, for the purposes of satisfying the grant of an award, (i) transfer to the Trust the necessary funds and/or (ii) instruct the Trustee to purchase existing Shares on-market or off the market at the prevailing market price or at price within a specified price range and/or (iii) transfer Shares (including Shares held in treasury) to satisfy awards granted under the 2025 Share Award Scheme.

(c) Maximum number of shares for grant

The Board shall not make any further award of awarded shares which will result in the number of Shares awarded by the Board under the Scheme exceeding nine per cent (9%) of the issued share capital of the Company as at the 2025 Scheme Adoption Date, i.e. 12,843,912 Shares. There is no maximum entitlement imposed on any Selected Person under the 2025 Share Award Scheme in respect of (i) the number of Shares that may be awarded thereto; and (ii) no purchase price is payable by any Selected Person for the acceptance or vesting of any Share Award granted under the 2025 Share Award Scheme. No service provider sub-limit was prescribed under the 2025 Share Award Scheme.

No Share Awards had been granted/vested/cancelled/lapsed and there were no outstanding or unvested Share Awards granted under the 2025 Share Award Scheme as at 1 January 2025, being a date that is prior to the 2025 Scheme Adoption Date. As at the respective dates of 1 January 2025 and 31 December 2025, the number of Shares available for grant under the 2025 Share Award Scheme were nil and 12,843,912 Shares, respectively. It follows that, as at the date of this report, 12,843,912 Shares are available for grant under the 2025 Share Award Scheme, representing approximately 9% of the Issued Shares (excluding treasury shares).

(d) Vesting period

Subject to the terms of the 2025 Share Award Scheme and any additional requirements under the Listing Rules, the SFO, the Companies Ordinance, the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) and all applicable laws, rules and regulations of Hong Kong, Cayman Islands, British Virgin Islands and the People's Republic of China (collectively, "**Applicable Laws**"), and the specific terms and conditions applicable to each Share Award, the Board has the sole discretion to determine the vesting schedule, vesting criteria and vesting conditions on a case-by-case basis (if any), and may also impose additional terms and conditions (including but not limited to performance targets) for any grant of Share Award(s) to any Selected Person, which may be adjusted and re-determined by the Board (as the case may be) from time to time. If the conditions (if any) determined by the Board are not satisfied, the Share Award shall automatically lapse on the date on which any such condition ceased to be capable of being satisfied, as determined by the Board in its sole and absolute discretion.

Upon fulfilment or waiver (by the Board in its sole and absolute discretion) of the vesting period and vesting conditions (if any) applicable to a grantee, a vesting notice may be sent to the grantee by the Board, or by the relevant trustee under the authorisation and instruction by the Board, confirming (a) the extent to which the vesting period and vesting conditions have been fulfilled or waived; (b) the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip dividends in respect of these Shares) or the amount of cash the grantee will receive; and (c) where the grantee will receive Shares, the lock-up arrangements for such Shares (if applicable) (the "**Vesting Notice**"). The Selected Person is required to execute and deliver, after receiving the Vesting Notice, certain documents set out in the Vesting Notice that the Board considers necessary (which may include, without limitation, a certification that he or she has complied with all the terms and conditions set out in the scheme and the grant notice). In the event that any Selected Person fails to execute the required documents within 30 business days after receiving the Vesting Notice, the vested Share Award(s) will, unless otherwise determined by the Board, lapse forthwith.

Notwithstanding the foregoing, if the Company, the trustee or any Selected Person would or might be prohibited from dealing in the Shares by the Listing Rules (where applicable) or by the Applicable Laws (including the Listing Rules), the date on which the relevant awarded shares shall be transferred to the Selected Person shall occur as soon as possible after the date when such dealing is permitted by the Applicable Laws (including the Listing Rules).

(e) Duration and termination

Subject to any early termination as may be determined by the Board pursuant to the rules of the 2025 Share Award Scheme, the 2025 Share Award Scheme shall be valid and effective for a period of 10 years commencing on the 2025 Scheme Adoption Date (the “**Scheme Period**”), after which no Share Awards will be granted, but the provisions of the 2025 Share Scheme shall otherwise remain in full force and effect in all other respects and the Share Awards granted during the Scheme Period shall, unless lapsed in accordance with the rules of the 2025 Share Award Scheme, continue to be valid and shall vest or be satisfied in accordance with their respective terms of grant.

Even after the expiry of the Scheme Period, any Share Awards granted during the Scheme Period that remain outstanding and have not lapsed shall continue to be valid and shall vest or be satisfied in accordance with their respective terms of grant.

(f) Performance targets and clawback mechanisms

No general performance targets and/or clawback mechanisms are stipulated under the 2025 Share Award Scheme.

(g) Remaining life of the 2025 Share Award Scheme

As at the date of this report, the remaining life of the 2025 Share Award Scheme is approximately 9 years and 6 months.

The total number of Shares that could be issued as a result of share awards granted under all share schemes of the Company during the year ended 31 December 2025, divided by the weighted average number of Issued Shares (excluding treasury shares) during the year ended 31 December 2025 was approximately 7.8%.

DIRECTORS

During the year ended 31 December 2025 and up to the date of this report, the Directors of the Company were:

Executive Directors

Mr. Jia Xiaodong (*Chairman and Chief Executive Officer*)
Mr. Huang Xiang
Mr. Li Xin

Independent Non-executive Directors

Ms. Jiang Xueying (*appointed on 20 June 2025*)
Mr. Leung Ming Shu (*retired on 20 June 2025*)
Mr. Zhan Peixun
Ms. Chak Hoi Kee Clara

The Company held an annual general meeting on 20 June 2025 (the “**2025 AGM**”), on which day Mr. Leung Ming Shu retired as an independent non-executive Director due to his personal work arrangements and ceased to be the chairman of the Audit Committee and a member of the Remuneration Committee with effect from the conclusion of the 2025 AGM. On the same day, Ms. Jiang Xueying was elected as an independent non-executive Director and was appointed as the chairlady of the Audit Committee and a member of the Remuneration Committee with effect from the conclusion of the 2025 AGM.

Pursuant to Rule 3.09D of the Listing Rules, Ms. Jiang Xueying, as a new Director, has obtained the legal advice from Haiwen & Partners LLP, which is qualified to advise on Hong Kong law, on 9 June 2025, and has confirmed that she understood her obligations as a director of a listed company.

In accordance with Article 16.19 of the Articles, Mr. Zhan Peixun and Ms. Chak Hoi Kee Clara will retire from office by rotation at the 2026 AGM. The retiring Directors are eligible, and have offered themselves for re-election.

The Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules. The Company considers each of the independent non-executive Directors to be independent.

The biographical details of the Directors and the senior management of the Company are set out in the Directors and Senior Management section on pages 16 to 19 of this report.

DIRECTORS' SERVICE AGREEMENT

None of the Directors proposed for re-election at the 2026 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Each of the executive Directors is entitled to remuneration and shall be paid on the basis of a twelve-month year. The aggregate remuneration (including salary, bonus, social security costs and housing benefits and other employee benefits) paid by the Group to the Directors in respect of the year ended 31 December 2025 was approximately RMB5,144,000 (2024: RMB4,271,000). Please see Note 10(a) to the consolidated financial statements of the Group for further details.

REPORT OF THE DIRECTORS

Each of the independent non-executive Directors has been appointed for a term of three years. The director's fee payable by the Group is RMB144,000 per annum to each of the independent non-executive Directors. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

EMOLUMENT POLICY

The emolument policy of the employees of the Group was set up by the Board upon the recommendation of the Remuneration Committee on the basis of their merit, qualifications, competence, work performance and comparable market statistics. The emolument of the Directors are determined by the Board based on recommendation of the Remuneration Committee, having regard to their time commitment and responsibilities, the salaries paid by comparable companies and the performance of the Group.

The Company has adopted a share option scheme and the share award schemes as a long term incentive to Directors and employees.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

During the year ended 31 December 2025, there was no transaction, arrangement or contract of significance, to which the Company, its holding company or subsidiary was a party, and in which the Directors or their respective connected entities were materially interested, either directly or indirectly.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors or their respective associates (as defined under the Listing Rules) had any interests in any business which competes or is likely to compete with the business of the Group, either directly or indirectly.

MANAGEMENT CONTRACTS

No contracts, save for employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year ended 31 December 2025.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of remuneration of Directors and five highest paid individuals for the year ended 31 December 2025 are set out in Note 10 to the consolidated financial statements.

None of the Directors waived his/her emoluments or has agreed to waive his/her emoluments for the year ended 31 December 2025.

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

As at 31 December 2025, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code as set out in Appendix C3 to the Listing Rules, were as follows:

(a) Interests in Shares

Name of Directors or chief executives	Capacity/Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of interest ⁽⁵⁾
Mr. Jia ⁽²⁾	Interest in controlled corporation/corporate interest	31,307,986(L)	21.93%
Mr. Huang ⁽³⁾	Interest in controlled corporation/corporate interest	21,837,345(L)	15.30%
Mr. Li ⁽⁴⁾	Interest in controlled corporation/corporate interest	3,654,323(L)	2.56%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) These Shares were held directly by Great Shine. Mr. Jia is the sole director and shareholder of Great Shine. By virtue of the SFO, Mr. Jia is deemed to be interested in all the Shares held by Great Shine.
- (3) These Shares were held directly by High Triumph. Mr. Huang is the sole director and shareholder of High Triumph. By virtue of the SFO, Mr. Huang is deemed to be interested in all the Shares held by High Triumph.
- (4) These Shares were held directly by Neo Honour Holding Limited. Mr. Li is the sole director and shareholder of Neo Honour. By virtue of the SFO, Mr. Li is deemed to be interested in all the Shares held by Neo Honour.
- (5) The calculation is based on a total of 142,742,928 Shares in issue of the Company (including 32,800 treasury shares) as at 31 December 2025.

REPORT OF THE DIRECTORS

(b) Interests in shares and underlying shares in associated corporations of the Company

Name of Directors or chief executives	Name of associated corporation	Capacity/Nature of interest	Number of shares interested ⁽¹⁾	Approximate percentage of shareholding interest
Mr. Jia ⁽²⁾	Wangchen Technology	Beneficial owner/Personal interest	2,771,342 (L)	23.53%
		Interest in controlled corporations/corporate interests	1,780,280 (L)	15.12%
Mr. Huang	Wangchen Technology	Beneficial owner/Personal interest	2,049,475 (L)	17.40%
Mr. Li ⁽³⁾	Wangchen Technology	Beneficial owner/Personal interest	274,444 (L)	2.33%
		Interest in controlled corporations/corporate interests	118,333 (L)	1.00%

Notes:

- (1) The letter “L” denotes the person’s long position in the shares.
- (2) Mr. Jia is a general partner of 深圳市望伯納烏科技企業(有限合夥) (Shenzhen Wangbo Nawu Technology Enterprise (Limited Partnership)) (“**Wangbo Nawu**”), 深圳市望聖西羅科技企業(有限合夥) (Shenzhen Wangsheng Xiluo Technology Enterprise (Limited Partnership)) (“**Wangsheng Xiluo**”), 深圳市馳望投資中心(有限合夥) (Shenzhen Chengwang Investment Centre (Limited Partnership)) (“**Chengwang Investment**”) and 深圳市望諾坎普科技企業(有限合夥) (Shenzhen Wangnuo Kanpu Technology Enterprise (Limited Partnership)) (“**Wangnuo Kanpu**”). By virtue of the SFO, Mr. Jia is deemed to be interested in the equity interest in 深圳市望塵科技有限公司 (Shenzhen Wangchen) Technology Co., Ltd*) (“**Wangchen Technology**”) held by Wangbo Nawu, Wangsheng Xiluo, Chengwang Investment and Wangnuo Kanpu.
- (3) Mr. Li is a general partner of Wangsheng Xiluo. By virtue of the SFO, Mr. Li is deemed to be interested in the equity interest in Wangchen Technology held by Wangsheng Xiluo.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

* for identification purpose

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

As at 31 December 2025, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had or were deemed or taken to have an interest or short position in the Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests in the Shares or Underlying Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage in total number of Shares ⁽⁶⁾
Great Shine ⁽²⁾	Beneficial owner/Personal interest	31,307,986 (L)	21.93%
High Triumph ⁽³⁾	Beneficial owner/Personal interest	21,837,345 (L)	15.30%
BOCI Trustee (Hong Kong) Limited ⁽⁴⁾	Trustee of a trust/Other interest	9,414,844 (L)	6.60%
Garena Ventures ⁽⁵⁾	Beneficial owner/Personal interest	12,000,000 (L)	8.41%
Sea Limited ⁽⁵⁾	Interest in controlled corporations/corporate interests	12,000,000 (L)	8.41%

Notes:

- (1) The letter "L" denotes a long position in our Shares.
- (2) Great Shine is wholly owned by Mr. Jia. By virtue of the SFO, Mr. Jia is deemed to be interested in the Shares in which Great Shine is interested. Ms. Yuan Qingyun is the spouse of Mr. Jia. By virtue of the SFO, Ms. Yuan Qingyun is deemed to be interested in the Shares in which Mr. Jia is interested.
- (3) High Triumph is wholly owned by Mr. Huang. By virtue of the SFO, Mr. Huang is deemed to be interested in the Shares in which High Triumph is interested. Ms. Zou Wenjing is the spouse of Mr. Huang. By virtue of the SFO, Ms. Zou Wenjing is deemed to be interested in the Shares in which Mr. Huang is interested.
- (4) BOCI Trustee (Hong Kong) Limited ("**BOCI Trustee**") is a trustee of Gala Share Award Trust. By virtue of the SFO, Gala Share Award Trust is deemed to be interested in the Shares in which BOCI Trustee is interested.
- (5) Garena Ventures Private Limited ("**Garena Ventures**") is wholly owned by Sea Limited. By virtue of the SFO, Sea Limited is deemed to be interested in the Shares in which Garena Ventures is interested.
- (6) The calculation is based on a total of 142,742,928 Shares in issue of the Company (including 32,800 treasury shares) as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Directors were not aware that any other person has any interests or short positions in the Shares and underlying Shares, which is required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which is required to be entered in the register maintained by the Company under section 336 of the SFO.

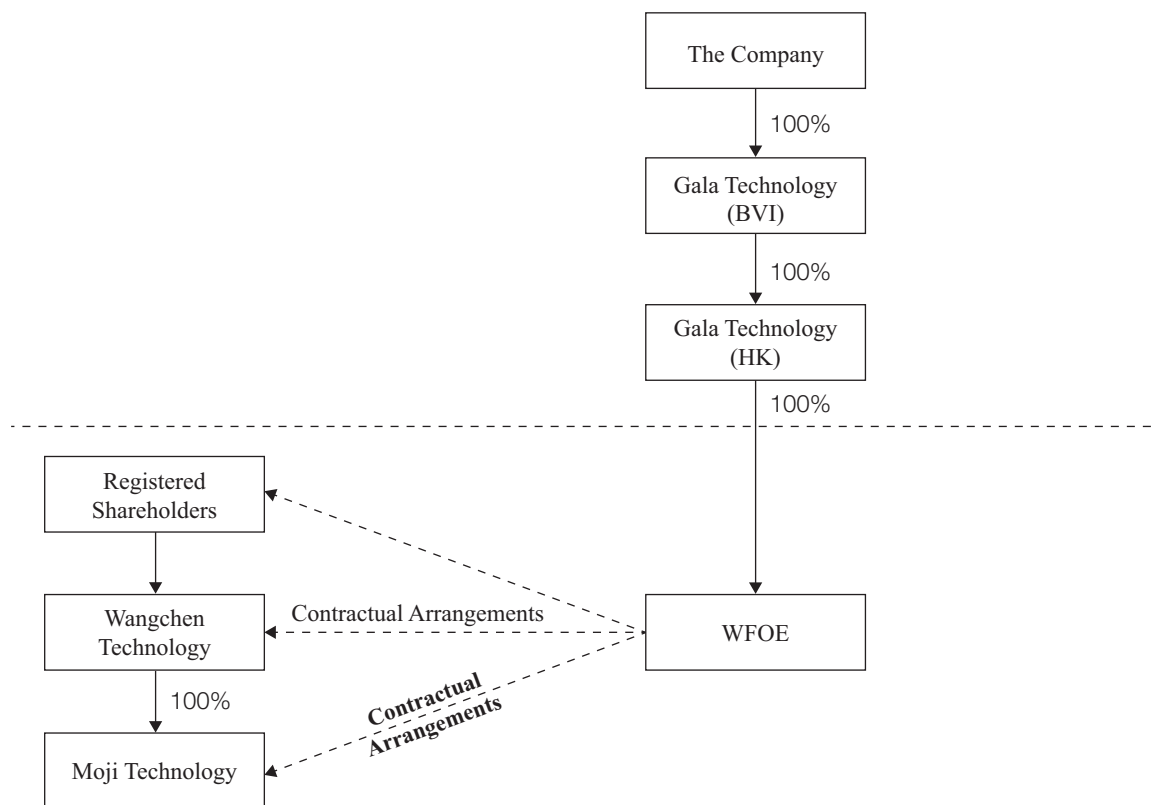
RETIREMENT BENEFITS PLAN

As at 31 December 2025, no forfeited contributions were available to reduce the contribution payable by the Group in the future years.

CONTRACTUAL ARRANGEMENTS

With foreign investment in certain areas of the industry in which the Group currently operates being subject to restrictions under current PRC laws and regulations, the Group decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions and prohibitions, it would gain effective control over, and receive substantially all the economic benefits generated by the businesses currently operated by Wangchen Technology and 深圳市莫及科技有限公司(Shenzhen Moji Technology Co., Ltd.*) (“**Moji Technology**”, together with Wangchen Technology, the “**PRC Operating Entities**”) through a series of contractual arrangements entered into by, among others between (i) 深圳市望塵莫及科技有限公司(Shenzhen Wangchen Moji Technology Co., Ltd.*) (“**WFOE**”, an indirect wholly-owned subsidiary of the Company) on the one hand, and Wangchen Technology and its direct shareholders (the “**Registered Shareholders**”, being (1) Mr. Jia, (2) Mr. Huang, (3) Suzhou Fudebo, (4) Zhuiyuan Caifu, (5) Wangnuo Kanpu, (6) Wangbo Nawu, (7) Yashang Mobeier, (8) Tap4fun, (9) Yashang Nuohui, (10) Chengwang Investment, (11) Shenzhen Yunda, (12) Chuangxingu, (13) Longyuan Tianqi, (14) Mr. Zhang Litao (張栗滔), (15) Mr. Li Xin (李欣), (16) Longyuan Yunteng, (17) Jiadao Gongcheng, (18) Wangsheng Xiluo, and (19) Mr. Ma Guolin (馬國琳)) on the other hand; and (ii) WFOE on the one hand, and Moji Technology and its sole shareholder, Wangchen Technology, on the other hand (collectively the “**Contractual Arrangements**”).

The following simplified diagram illustrates the flow of economic benefits from the PRC Operating Entities to the Group as stipulated under the Contractual Arrangements:



Agreements under the Contractual Arrangements

A summary of the agreements under the Contractual Arrangements is set out below.

Exclusive Business Cooperation Agreement

Pursuant to the exclusive business cooperation agreement dated 13 May 2021 entered into between WFOE and Wangchen Technology and the exclusive business cooperation agreement dated 15 November 2022 entered into between WFOE and Moji Technology (together, the “**Exclusive Business Cooperation Agreement**”), WFOE agreed to provide exclusive services such as technical support, development, maintenance and update of software, business management consultation, marketing and promotion services, leasing, assignment or disposal of equipment or properties, and other services for which Wangchen Technology and Moji Technology shall pay a service fee consisted of 100% of the total consolidated profit of Wangchen Technology and Moji Technology, after the deduction of any accumulated deficit of Wangchen Technology and Moji Technology and their affiliated entities in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions.

During the term of the Exclusive Business Cooperation Agreement, WFOE enjoys all the economic benefits in relation to Wangchen Technology’s and Moji Technology’s business operation while not being held legally responsible for their debts or other obligations and risks. WFOE may provide Wangchen Technology and Moji Technology with financial assistance by way of bank entrusted loans or other loans, and enter into separate agreements where necessary.

The Exclusive Business Cooperation Agreement also provides that WFOE has the exclusive ownership, rights, and interests in all intellectual properties arising out of or created during the performance of the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreement shall remain effective unless terminated (a) in accordance with the provisions of the Exclusive Business Cooperation Agreement; (b) in advance in writing by the WFOE; or (c) renewal of the business operation term of the WFOE, Wangchen Technology or Moji Technology is not approved or consented by the relevant governmental authorities, at which time the Exclusive Business Cooperation Agreement will terminate upon expiry of that business operation term.

Exclusive Option Agreement

Pursuant to (i) an exclusive option agreement dated 13 May 2021 entered into between WFOE, Wangchen Technology and the Registered Shareholders, and (ii) an exclusive option agreement dated 15 November 2022 entered into between WFOE, Moji Technology and its sole shareholder, Wangchen Technology (together, the “**Exclusive Option Agreement**”), WFOE has the irrevocable and exclusive right to purchase (or to designate one or more persons to purchase) from the Registered Shareholders any part of their equity interests in Wangchen Technology and from Wangchen Technology all or any part of its equity interest in Moji Technology at any time and from time to time in WFOE’s sole and absolute discretion to the extent permitted by PRC laws. The consideration shall be the lowest price as permitted under applicable PRC laws. The Registered Shareholders and Wangchen Technology have agreed to donate to WFOE or its designated person any consideration they will receive in the event WFOE exercises its option under the Exclusive Option Agreement after deducting the relevant taxes pursuant to applicable PRC laws.

The Exclusive Option Agreement shall remain effective unless terminated in the event that the entire equity interests held by the Registered Shareholders and Wangchen Technology in Wangchen Technology and Moji Technology, respectively, have been transferred to WFOE or its appointee(s).

REPORT OF THE DIRECTORS

Equity Pledge Agreement

Pursuant to the equity pledge agreement dated 13 May 2021 entered into between WFOE, Wangchen Technology and the Registered Shareholders and the equity pledge agreement dated 15 November 2022 (together, the “**Equity Pledge Agreement**”), the Registered Shareholders and Wangchen Technology pledge all their respective equity interests in Wangchen Technology and Moji Technology to WFOE as collateral security for any and all of the secured indebtedness under the Contractual Arrangements and for securing the performance of their obligations under the Contractual Arrangements. WFOE is entitled to receive any dividends or other distributable benefits arising from the equity interests in Wangchen Technology and Moji Technology during the pledge period. The pledge remains valid until after all the contractual obligations of the Registered Shareholders, Moji Technology and Wangchen Technology under the Contractual Arrangements have been fully performed and all the secured indebtedness under the Contractual Arrangements have been fully paid. Upon the occurrence of an event of default (as stipulated in the Equity Pledge Agreement), WFOE shall have the right to require the Registered Shareholders and/or Wangchen Technology to immediately pay all outstanding amounts due under the Contractual Arrangements and/or dispose of the pledged equity interest to repay any outstanding amounts due to WFOE.

Powers of Attorney

The Registered Shareholders have executed powers of attorney dated 13 May 2021 and Wangchen Technology has executed power of attorney dated 15 November 2022 (together, the “**Power of Attorney**”), pursuant to which the Registered Shareholders and Wangchen Technology irrevocably appointed WFOE and its appointees (including but not limited to the directors of WFOE and their successors and liquidators replacing the directors but excluding those non-independent or who may give rise to conflict of interests) as their exclusive agents and attorneys-in-fact to act on their behalf on all matters concerning Wangchen Technology and Moji Technology and to exercise all of their respective rights as a registered shareholder of Wangchen Technology and Moji Technology in accordance with the PRC laws and the articles of association.

The Powers of Attorney executed by the Registered Shareholders shall be irrevocable and remain effective for so long as each Registered Shareholder holds equity interest in Wangchen Technology. The Power of Attorney executed by Wangchen Technology shall be irrevocable and remain effective for so long as Wangchen Technology holds equity interest in Moji Technology.

Spouse Undertakings

The spouse of each of Mr. Jia, Mr. Huang, Mr. Li Xin and Mr. Ma Guolin (each being a Registered Shareholder who is an individual and has a spouse) (the “**Relevant Individual Shareholders**”), where applicable, has signed an undertaking dated 13 May 2021 to the effect that (i) the respective Relevant Individual Shareholder’s interests in the respective Registered Shareholder (together with any other interests therein) do not fall within the scope of communal properties, (ii) he/she has no right to or control over such interests of the respective Relevant Individual Shareholder and will not have any claim on such interests; (iii) confirms that the respective spouse may further amend or terminate the Contractual Arrangements without the need for authorization or consent by him/her; and (iv) if he/she is transferred any shares held by their spouse for any reason, he/she will be bound by the Contractual Arrangements and will observe obligations as a shareholder of the Wangchen Technology, and will sign all necessary documents and to take all necessary actions to ensure the Contractual Arrangements are properly preformed.

Business of the PRC Operating Entities and significance to the Group

The PRC Operating Entities are engaged in publication and operation of games through mobile apps. The Company believes that the Group's internet cultural business and value-added telecommunications services business are fundamental components and inseparable parts of its game publication and operation business because (i) as confirmed by its PRC legal advisers, publication and operation of games through mobile apps, according to the Interim Measures on the Administration of Internet Culture 《互聯網文化管理暫行規定》, falls within the scope of "internet cultural activity" where foreign ownership is prohibited pursuant to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (外商投資准入特別管理措施(負面清單) (2021 年版)); and (ii) the value-added telecommunications services provided by the Group, along with the internet cultural business, which involves the publication and operation of mobile games, forms an integral part of the Group's game services.

By virtue of the Contractual Arrangements, WFOE can effectively control, recognize and receive substantially all the economic benefit of the business and operations of the PRC Operating Entities. Accordingly, the PRC Operating Entities are treated as controlled structured entities of the Company and their financial results are consolidated by the Company. For the year ended 31 December 2025, the revenue of the PRC Operating Entities was RMB587.4 million. As at 31 December 2025, the total assets of the PRC Operating Entities was RMB301.6 million.

The Company believed that the Contractual Arrangements are narrowly tailored to achieve its business purpose and minimize the potential conflict with relevant PRC laws and regulations. To the best understanding of the Company, apart from the foreign investment restrictions as mentioned above, the Contractual Arrangements do not relate to any other regulatory requirements. The Company's PRC legal advisers have advised that the Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements are legal, valid and binding on the parties under applicable PRC laws and regulations. As of the date of this report, the Group had not encountered any interference or encumbrance from any PRC governing bodies in operating the Group's businesses through the PRC Operating Entities under the Contractual Arrangements.

Risks associated with the Contractual Arrangements and mitigation measures

The risks associated with the Contractual Arrangements are set out in the section headed "Risk Factors – Risks Relating to Our Contractual Arrangements" in the Prospectus. In particular:

1. Each of the agreements under the Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the Contractual Arrangements, any party has the right to submit the relevant dispute to the South China International Economic and Trade Arbitration Commission for arbitration, in accordance with the then effective arbitration rules and procedures. However, the Company's PRC legal advisers have advised that the above provisions may not be enforceable under the PRC laws. For instance, the arbitration tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of Wangchen Technology and Moji Technology pursuant to the current PRC laws. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. Therefore, in the event that Wangchen Technology, Moji Technology or the Registered Shareholders breach any of the Contractual Arrangements, the Company may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over the PRC Operating Entities and conduct business could be materially and adversely affected.

REPORT OF THE DIRECTORS

2. The Company has been advised by its PRC legal advisers that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion of the PRC legal advisers. If the PRC government finds that the Contractual Arrangements do not comply with its restrictions on foreign investment in businesses, or if the PRC government otherwise finds that the Company or its VIE lack the necessary permits or licenses to operate its business, or there is a possibility that the PRC government may adopt new laws and regulations in the future which may invalidate the Contractual Arrangements, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations or failures, such as requiring the nullification of the Contractual Arrangements or restricting the Group's right to collect revenue, which may cause significant disruption to the Group's business operations and materially and adversely affect the Group's business, financial condition and results of operations.

Notwithstanding the foregoing, on 26 May 2020, the Shenzhen Communications Administration was consulted and the Company's legal advisers have advised the Company that (i) Shenzhen Communications Administration is the competent government authority for the Company's principal business activities; and (ii) based on such consultations, the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations and would not be challenged or subject to penalty for any violation of relevant PRC Laws and regulations.

To mitigate the above risks, the Board will closely monitor the implementation and compliance with the Contractual Arrangements and will handle any regulatory enquiries from the government authorities in a timely manner, and will consult its legal advisers or other professional advisors whenever necessary.

Overall performance and compliance with the Contractual Arrangements

During the year ended 31 December 2025, all obligations were performed in compliance with the terms and conditions under the Contractual Arrangements. There was no material change in the Contractual Arrangements or the circumstances under which they were established and there was no material non-compliance with the Contractual Arrangements. We will unwind and terminate the Contractual Arrangements wholly or partly once our businesses are no longer prohibited or restricted from foreign investment and to the extent permissible under PRC Laws.

For further details of the Contractual Arrangements, please refer to the section headed "Contractual Arrangements" in the Prospectus.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

Since some of the Registered Shareholders, namely Mr. Jia (an executive Director and substantial shareholder of the Company), Mr. Huang (an executive Director and substantial shareholder of the Company), Mr. Li Xin (an executive Director) and Mr. Zhang Litao (an executive director of Wangchen Technology), are connected persons of the Company under Chapter 14A of the Listing Rules, the Contractual Arrangements therefore constituted continuing connected transactions for the Company under the Listing Rules after the Listing subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company was granted a waiver by the Stock Exchange from strict compliance with (i) announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) the requirement of setting a maximum aggregate annual value (i.e. an annual cap) for the fees payable to the Group under the Contractual Arrangements; and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less, for so long as the Shares are listed on the Stock Exchange and subject to certain other conditions as set out in the section headed "Connected Transaction" in the Prospectus.

For details of the Contractual Arrangements, please refer to the section headed "Contractual Arrangements" above.

REVIEW AND CONFIRMATION BY INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed the continuing connected transactions and have confirmed that such continuing connected transactions were:

- (1) entered into in the ordinary and usual course of business of the Group;
- (2) conducted on normal commercial terms or better terms; and
- (3) carried out pursuant to the agreements of relevant transactions, the terms of which are fair and reasonable, and in the interests of shareholders of the Company as a whole.

In addition, all independent non-executive Directors have confirmed that:

- (i) the transactions carried out during the year ended 31 December 2025 have been entered into in accordance with the relevant provisions of the Contractual Arrangements; and
- (ii) no dividends or other distributions have been made by the PRC Operating Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

REVIEW AND CONFIRMATION BY AUDITOR

Pursuant to Rule 14A.56 of the Listing Rules, the Company's independent auditor, Grant Thornton Hong Kong Limited was engaged to report on the Group's continuing connected transactions.

The auditor has confirmed that:

- the disclosed continuing connected transactions have been approved by the Board;
- the disclosed continuing connected transactions were entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- with respect of the disclosed continuing connected transactions with Wangchen Technology and Moji Technology under the Contractual Arrangements, no dividends or other distributions have been made by Wangchen Technology and Moji Technology to the holders of the equity interests of Wangchen Technology and Moji Technology which are not otherwise subsequently assigned or transferred to the Group.

RELATED PARTY TRANSACTIONS

The continuing connected transactions disclosed above also constitute related party transactions under HKFRSs. Details of other significant related party transactions entered into by the Group during the year ended 31 December 2025 set out in Note 31 to the consolidated financial statements. Such transactions did not constitute connected transactions or continuing connected transactions subject to the reporting, announcement, annual review and independent shareholders' approval requirements under the Listing Rules. Among other things, the remuneration paid to the directors of the Company constitutes connected transactions of the Company but is fully exempted pursuant to Rule 14A.95 of the Listing Rules.

In relation to the continuing connected transactions mentioned above, the Board confirms that the Company has complied with the requirements under Chapter 14A of the Listing Rules (including disclosure requirements).

REPORT OF THE DIRECTORS

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2025, the percentage of the Group's revenue from rendering of services attributable to the five largest customers combined was less than 30%.

The percentages of purchases for the year attributable to the Group's major suppliers for the year ended 31 December 2025 were as follows:

– the largest supplier	10.76%
– five largest suppliers in aggregate	33.34%

None of the Directors, their respective close associates or any shareholders of the Company (which to the best knowledge of the Directors owns more than 5% of the Company's issued shares (excluding treasury shares)) had any interests in the Group's major customers or major suppliers.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the minimum public float required under the Listing Rules as at 31 December 2025 and up to the date of this report.

EQUITY-LINKED AGREEMENTS

During the year ended 31 December 2025, other than the Share Option Scheme and 2023 Share Award Scheme as set out in the paragraph headed "Share Option Scheme" and "2023 Share Award Scheme" of this report, the Company did not enter into any other equity-linked agreement, nor did any other equity-linked agreement exist during the year.

SIGNIFICANT CONTRACTS

During the year ended 31 December 2025, save as disclosed in the section headed "Contractual Arrangements" in this report and the section headed "Related Party Transactions" in Note 31 to the consolidated financial statements, there was no significant contract relating to the business of the Group between the Company (or any of its subsidiaries) and its controlling shareholders (or any of its/their subsidiaries), nor was there any significant contract for the provision of services by the controlling shareholders (or any of its/their subsidiaries) to the Company (or any of its subsidiaries).

ARRANGEMENT TO PURCHASE EQUITY OR DEBT SECURITIES

As at 31 December 2025, or at any time during the year ended 31 December 2025, none of the Company, its holding company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles, every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

The Company has taken out liability insurance for its Directors and senior officers, which provides the Directors and officers of the Group with indemnity assurance in respect of the potential liabilities arising from the Group's business activities. Such insurances were in force during the reporting period and remains in force at the date of this report.

PRE-EMPTIVE RIGHTS AND TAX RELIEF OR EXEMPTION

There is no provision on pre-emptive rights in the Articles or the laws of the Cayman Islands. The Company is not aware of any tax relief or exemption available to any existing Shareholder by reason of his/her holding of the securities of the Company.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

The Company did not enter into any loan agreement, which contained any covenant relating to specific performance of the controlling Shareholders and shall be disclosed as required by Rule 13.18 of the Listing Rules.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance practices. Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 49 to 63 of this report.

AUDIT COMMITTEE

The Group has established the Audit Committee on 21 December 2022 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provision D.3.3 of the CG Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely Ms. Jiang Xueying (chairlady of the Audit Committee), Ms. Chak Hoi Kee Clara and Mr. Zhan Peixun, all being independent non-executive Directors.

The primary duties of the Audit Committee include, but are not limited to, (i) reviewing and supervising the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) providing advice and comments to the Board; and (iii) performing other duties and responsibilities as may be assigned by the Board.

The Audit Committee had discussed and reviewed the Company's consolidated financial statements for the year ended 31 December 2025 with the Company's management.

CHANGE OF INDEPENDENT AUDITOR

As disclosed in the Company's announcement and circular dated 22 May 2023 and 24 May 2023 respectively, PricewaterhouseCoopers retired as the independent auditor of the Company upon expiration of its term of office at the conclusion of the annual general meeting of the Company held on 16 June 2023 (the "2023 AGM"). Deloitte Touche Tohmatsu has been appointed as the Company's independent auditor with effect from the conclusion of the 2023 AGM and re-appointed as the independent auditor by the shareholders at the annual general meeting held on 4 June 2024.

As disclosed in the Company's announcement and circular dated 23 May 2025, Deloitte Touche Tohmatsu retired as the independent auditor of the Company upon expiration of its term of office at the conclusion of the 2025 AGM. Grant Thornton Hong Kong Limited has been appointed as the Company's independent auditor with effect from the conclusion of the 2025 AGM.

Save as disclosed above, there has been no changes in the independent auditor in any of the preceding three years.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by Grant Thornton Hong Kong Limited, the independent auditor of the Company, which will retire at the 2026 AGM and, being eligible, offer itself for re-appointment.

By order of the Board

Gala Technology Holding Limited

Jia Xiaodong

Chairman and Chief Executive Officer

Hong Kong, 26 March 2026

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company is committed to maintaining corporate governance of high standards and quality procedures. Since the Listing, the Company has put in place governance practices with emphasis on transparency, accountability and ethical behavior. The Company believes that good corporate governance is essential for the long-term success and sustainability of the business.

The Company has adopted and applied the code provisions under the CG code set out in Appendix C1 to the Listing Rules as its own corporate governance code. The Board has reviewed the Company's corporate governance practices and is satisfied that save as disclosed below, the Company has been in compliance with the code provisions set out in Part 2 of the CG Code during the year ended 31 December 2025.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Jia is currently the Chairman and the Chief Executive Officer. Taking into account Mr. Jia's extensive experience in the online game industry and in view of Mr. Jia's role in the overall management of the Group since the Group's founding, the Board believes that it is in the interest of the Group for Mr. Jia to take up both roles for effective management and operations. Therefore, the Directors consider that the deviation from such code provision is appropriate. Notwithstanding such deviation, the Directors are of the view that the Board is able to function efficiently and perform its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions will be made in consultation with the members of the Board and the relevant Board committees, and there are three independent non-executive Directors on the Board who can provide independent advice on the operations and management of the Group, the Board takes the view that there is adequate safeguard in place to ensure a sufficient balance of powers within the Board. The Board will also review the structure and composition of the Board and senior management team from time to time in light of the prevailing circumstances to maintain a high standard of corporate governance practices of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company. The Company has made specific enquiry with the Directors and all Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2025.

BOARD OF DIRECTORS

The Board currently consists of six Directors comprising three executive Directors and three independent non-executive Directors. The Board assumes responsibility for the Company's leadership and control and is collectively responsible for promoting its success by directing and supervising its affairs, but the day-to-day management, administration and operation of the Company are delegated to the three executive Directors who assume the roles of senior management of the Company.

The powers and duties of the Board include convening general meetings and reporting the Board's work at Shareholders' meetings, determining the business and investment plans, preparing the annual financial budgets and final reports, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles.

BOARD COMPOSITION

Executive Directors

Mr. Jia Xiaodong (*Chairman and Chief Executive Officer*)
Mr. Huang Xiang
Mr. Li Xin

Independent Non-executive Directors

Mr. Zhan Peixun
Mr. Leung Ming Shu (retired on 20 June 2025)
Ms. Jiang Xueying (appointed on 20 June 2025)
Ms. Chak Hoi Kee Clara

The biographical details of the Directors are set out in the Directors and Senior Management section on pages 16 to 19 of this report.

There is no financial, business, family and other material or relevant relationship among the respective Directors, the chairman and the chief executive officer of the Company.

In 2025, Ms. Jiang Xueying was appointed as an independent non-executive Director on 20 June 2025 and obtained legal advice on 9 June 2025 from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange, and Ms. Jiang has confirmed she understood her obligations as a director of a listed issuer under the Listing Rules.

The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment. During the year ended 31 December 2025, the Board has been in compliance with Rule 3.10 of the Listing Rules regarding the appointment of at least three independent non-executive Directors and at least one independent non-executive Director who shall have appropriate professional qualifications or accounting and financial management expertise. The three independent non-executive Directors account for more than one-third of the Board, which complies with Rule 3.10A of the Listing Rules.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years. The term of appointment of the independent non-executive Directors is subject to retirement by rotation and re-election provisions under the Articles and the Listing Rules.

The Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules, including confirmation of independence of Ms. Jiang Xueying who was appointed as an independent non-executive Director on 20 June 2025. The Company considers each of the independent non-executive Directors to be independent.

CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

Mr. Jia is currently the Chairman and the Chief Executive Officer. Taking into account Mr. Jia's extensive experience in the online game industry and his pivotal role in the overall management of the Group since the Group's founding, the Board believes that it is in the interest of the Group for Mr. Jia to take up both roles to ensure effective management and operations. The Directors are of the view that the Board is able to function efficiently and perform its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with the members of the Board and the relevant Board committees, and with the presence of three independent non-executive Directors who can provide independent advice on the operations and management of the Group, the Board takes the view that there is adequate safeguard in place to maintain a balanced distribution of power within the Board. The Board also reviews the structure and composition of the Board and senior management team from time to time in light of the Company's prevailing circumstances to maintain a high standard of corporate governance practices of the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out below:

- (a) to develop and review an issuer's policies and practices on corporate governance and make recommendations to the board;
- (b) to review and monitor the training and continuous professional development of directors and senior management;
- (c) to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (e) to review the issuer's compliance with the CG Code and disclosure in the Corporate Governance Report.

In order to manage any potential conflict of interest between the Group and the largest Shareholder or the Directors, the independent non-executive Directors would review any matter concerning any conflict of interests between the Group (on the one hand) and the largest Shareholder or any of the Directors (on the other hand). The independent non-executive Directors have reviewed whether there was any matter concerning any conflict of interests between the Group (on the one hand) and the largest Shareholder or any of the Directors (on the other hand) and confirmed that there was no conflict of interests between the Group and the largest Shareholder or any of the Directors during the year ended 31 December 2025 and up to the date of the 2025 Annual Report.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. During the year ended 31 December 2025, four Board meetings and one annual general meeting were held. The attendance of each Director during the year ended 31 December 2025 is set out as follows:

Name of Directors	Number of Board meetings attended/held	Number of general meeting(s) attended/held
Mr. Jia Xiaodong (<i>Chairman and Chief Executive Officer</i>)	4/4	1/1
Mr. Huang Xiang	4/4	1/1
Mr. Li Xin	4/4	1/1
Mr. Leung Ming Shu*	2/2	1/1
Mr. Zhan Peixun	4/4	1/1
Ms. Jiang Xueying [#]	2/2	–
Ms. Chak Hoi Kee Clara	4/4	1/1

* Retired as an independent non-executive Director on 20 June 2025

[#] Appointed as an independent non-executive Director on 20 June 2025

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

During the year ended 31 December 2025, all the current Directors, namely Mr. Jia Xiaodong, Mr. Huang Xiang, Mr. Li Xin, Mr. Zhan Peixun, Ms. Jiang Xueying and Ms. Chak Hoi Kee Clara, participated in courses relating to roles, functions and duties of a listed company director or further enhancement of their professional development by the way of attending training courses or reading relevant materials. The Company will, from time to time, appoint external legal advisers, where applicable, to advise the Directors on compliance with and to provide the Directors with updates on the changes in the Listing Rules and the latest developments in the applicable laws, rules and regulations from time to time to see if any change is required to be made with the Company's operation and internal control system as well as help the Directors make informed decisions and discharge their duties and responsibilities as Directors. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills, in order to ensure that their contribution to the Board remains informed and relevant.

BOARD INDEPENDENCE

The Group has established mechanisms to ensure independent views and input are available to the Board:

- At least one-third of the Board are independent non-executive Directors in compliance with the Listing Rules requirements, and the Company will assess the independence of the independent non-executive Directors on at least an annual basis.

- The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive Director before appointment and the continued independence of the current long-serving independent non-executive Directors on an annual basis. All independent non-executive Directors are required to submit a written confirmation to the Company annually to confirm their independence in accordance with Rule 3.13 of the Listing Rules.
- All Directors are entitled to retain independent professional advisors as and when it is required.
- All Directors are encouraged to express their views in an open and candid manner during the Board/Board committee meetings.
- The chairman of the Board will meet with the independent non-executive Directors at least annually without the presence of the executive Directors.

The Board would review the implementation and effectiveness of the above mechanisms on an annual basis.

The Board has reviewed and considered that the above mechanisms are effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2025.

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee, the Nomination Committee and the ESG Oversight Committee and delegated various responsibilities to these committees, which assist the Board in discharging its duties and overseeing particular aspects of the Group's activities. Each of the Board committees has specific written terms of reference which set out their authority and duties.

Audit Committee

The Board has established the Audit Committee on 21 December 2022 with written terms of reference in compliance with code provision D.3.3 of the CG Code. The Audit Committee consists of three members, namely Ms. Jiang Xueying, Ms. Chak Hoi Kee Clara and Mr. Zhan Peixun, all being the independent non-executive Directors. Ms. Jiang Xueying has been appointed as the chairlady of the Audit Committee on 20 June 2025 as she has the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee include, but are not limited to (i) reviewing and supervising the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) providing advice and comments to the Board; and (iii) performing other duties and responsibilities as may be assigned by the Board.

During the year ended 31 December 2025, the Audit Committee held four meetings, amongst other matters, to (i) review the annual consolidated financial statements of the Group for the year ended 31 December 2024 and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025; (ii) review the Company's relationship with the external auditor, discussed with the Company's external auditor on the tasks performed by them including the nature and scope of their audit and reporting obligations, and reviewed the terms of engagement and their remuneration; (iii) consider and make recommendations to the Board for the proposed appointment of Grant Thornton Hong Kong Limited ("**Grant Thornton**") as the independent auditor following the retirement of Deloitte Touche Tohmatsu ("**Deloitte**") at the AGM held on 20 June 2025 (the "**2025 AGM**"); (iv) review the risk management and internal control systems of the Group and make relevant recommendations to the Board; (v) review the effectiveness of the internal audit function of the Group; and (vi) review the adoption of the relevant accounting principles generally accepted and make recommendations to the Board on the adoption of accounting policies.

CORPORATE GOVERNANCE REPORT

Details of the attendance of the Audit Committee meetings are as follows:

Members	Number of meetings attended/held
Mr. Leung Ming Shu (<i>Chairman</i>)*	2/2
Ms. Jiang Xueying (<i>Chairlady</i>)#	2/2
Ms. Chak Hoi Kee Clara	4/4
Mr. Zhan Peixun	4/4

* Ceased to be the chairman of the Audit Committee on 20 June 2025

Appointed as the chairlady of the Audit Committee on 20 June 2025

The Audit Committee met on 26 March 2026 and, among other matters, reviewed the Group's audited consolidated results for the year ended 31 December 2025.

Remuneration Committee

The Board has established the Remuneration Committee on 21 December 2022 with written terms of reference in compliance code provision E.1.2 of the CG Code. The Remuneration Committee consists of three members, namely Mr. Zhan Peixun and Ms. Jiang Xueying, the independent non-executive Directors and Mr. Li Xin, an executive Director. Mr. Zhan Peixun is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but are not limited to (i) establishing, reviewing and providing advices to the Board on its policy and structure concerning remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) recommending the terms of the specific remuneration package of each Director and senior management member; (iii) recommending performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended 31 December 2025, the Remuneration Committee held two meetings, amongst other matters, to (i) discuss and make recommendations to the Board on the Company's policy for remuneration of Directors and senior management; (ii) review and recommend to the Board on the remuneration packages of Directors and senior management of the Company including the proposed independent non-executive Director; (iii) assess the performance of Directors and review the terms of service agreements for Directors and senior management; and (iv) review and/or approving matters relating to the share schemes under Chapter 17 of the Listing Rules.

Details of the attendance of the Remuneration Committee meetings are as follows:

Members	Number of meetings attended/held
Mr. Zhan Peixun (<i>Chairman</i>)	2/2
Mr. Li Xin	2/2
Mr. Leung Ming Shu*	2/2
Ms. Jiang Xueying [#]	–

* Ceased to be a member of the Remuneration Committee on 20 June 2025

[#] Appointed as a member of the Remuneration Committee on 20 June 2025

The Remuneration Committee met on 26 March 2026 and considered certain remuneration-related matters of the Directors and senior management.

Nomination Committee

The Board has established the Nomination Committee on 21 December 2022 with written terms of reference in compliance with code provision B.3.1 of the CG Code. The Nomination Committee consists of three members, namely Mr. Jia, an executive Director, and Mr. Zhan Peixun and Ms. Chak Hoi Kee Clara, the independent non-executive Directors. Mr. Jia is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but are not limited to (i) reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board regarding any proposed changes to the composition of the Board; (ii) identifying, selecting or making recommendations to the Board on the selection of individuals nominated for directorship, and ensuring the diversity of the Board members; (iii) assessing the independence of the independent non-executive Directors; and (iv) making recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of Directors and succession planning for Directors.

During the year ended 31 December 2025, the Nomination Committee held two meetings, amongst other matters, to (i) review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board; (ii) assess the independence of independent non-executive Directors; (iii) review and make recommendations on the appointment of a Director at the 2025 AGM; (iv) review the policy on Board diversity and measurable objectives for implementing the Board Diversity Policy; and (v) review the re-appointment of Directors who are subject to retire by rotation at the forthcoming annual general meeting of the Company.

CORPORATE GOVERNANCE REPORT

Details of the attendance of the Nomination Committee meetings are as follows:

Members	Number of meetings attended/held
Mr. Jia Xiaodong (<i>Chairman</i>)	2/2
Ms. Chak Hoi Kee Clara	2/2
Mr. Zhan Peixun	2/2

The Nomination Committee met on 26 March 2026 and, based on the Nomination Policy, recommended the re-appointment of Mr. Zhan Peixun and Ms. Chak Hoi Kee Clara at the forthcoming 2026 AGM.

ESG Oversight Committee

The Board has established the ESG Oversight Committee which consists of three members, being Mr. Jia (an executive Director and the Chief Executive Officer of the Company), the head of human resources and the head of administrative management. Mr. Jia is the chairman of the ESG Oversight Committee.

The primary duties of the ESG Oversight Committee include, but are not limited to (i) assisting in identifying, assessing, prioritising and managing ESG-related major issues, including risks and opportunities faced by the Group; (ii) collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance, following up and reviewing the progress of the Group's ESG-related goals, and ensuring compliance with ESG-related laws and regulations; and (iii) compiling the Group's ESG report, which will be submitted to the Board for approval and publication.

During the year ended 31 December 2025, the ESG Oversight Committee held 2 meetings to (i) review and discuss the major ESG-related issues of the Group; (ii) review and evaluate the Group's ESG performance; and (iii) review the Group's ESG report and submit it to the Board for approval and publication.

Details of the attendance of the ESG Oversight Committee meetings are as follows:

Members	Number of meetings attended/held
Mr. Jia Xiaodong (<i>Chairman</i>)	2/2
Ms. Lin Zhendan (<i>Administrative Management Director</i>)	2/2
Ms. Shao Jingfei (<i>Human Resources Director</i>)	2/2

The ESG Oversight Committee met on 26 March 2026 and reviewed and evaluated the Group's ESG performance.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve diversity of the Board. The Group recognizes the benefits of having a diversified Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Group's strategic objectives and sustainable development. The Group seeks to achieve diversity of the Board through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, education background, gender, age and ethnicity. Directors have a balanced mix of skills and experiences, including overall management, brand improvement, business development, investment, finance auditing and accounting experiences. The Company has three independent non-executive Directors who have different industry backgrounds, including accounting, finance and investment. Furthermore, the Directors have a broad age range, from 39 years old to 53 years old.

The Nomination Committee reviews the Board Diversity Policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness. The Board currently has two female Directors. Ms. Chak Hoi Kee Clara, being the independent non-executive Director who was appointed as a Director prior to the listing of the Company and Ms. Jiang Xueying being the independent non-executive Director who was appointed as a Director on 20 June 2025. Both of them have practical experience in their fields, could contribute to gender diversity of the Board and bring valuable views from a female perspective to the Board in managing the Company.

The effective implementation of the Board Diversity Policy will depend, to a certain extent, on the Shareholders' independent judgment on the suitability of individual candidates and their views on the scale of gender diversity of the Board. To ensure gender diversity of the Board, including senior management of the Company, the Nomination Committee reviews the Board composition, including senior management of the Company, from time to time and identify suitable Director candidates of both genders to the Board, including senior management of the Company, for consideration where appropriate.

Based on the Nomination Committee's review for the year ended 31 December 2025, the Nomination Committee considered that there was sufficient diversity in the Board, which comprising two female Directors and four male Directors, in accordance with the Board Diversity Policy and the Board had not set any measurable objectives.

Due to the business nature of the Group, as at 31 December 2025, there were 458 male employees and 133 female employees, representing approximately 77.5% and 22.5% of the workforce (including senior management) respectively. The Group has taken into account gender diversity in the recruitment process and is committed to increasing the proportion of female workers as far as possible in the future.

NOMINATION POLICY

The Nomination Committee has been delegated authority to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships.

The Nomination Committee will consider a number of criteria in evaluating and selecting candidates for directorships, including but not limited to (i) the business strategy, (ii) expertise and skills, (iii) integrity, (iv) the Board Diversity Policy, and (v) independence.

All the Directors, including independent non-executive Directors, are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Articles.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The Board reviews and determines the remuneration and compensation packages of Directors and senior management and receives recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of Directors and performance of the Group.

Directors and members of the Company's senior management receive compensation from the Company in the form of fees, salaries, bonuses and other benefits in kind such as contributions to pension plans. The aggregate remuneration (including fees, salaries, contributions to pension schemes, bonus, share-based payments, retirement benefits scheme, allowance and other benefits in kind) paid to Directors for the year ended 31 December 2025 was approximately RMB5.1 million (2024: RMB4.3 million). Please see Note 10 to the consolidated financial statements of the Group for further details. Other than that, no other amounts have been paid or are payable by any member of the Group to the Directors during the year ended 31 December 2025 (2024: same).

CORPORATE GOVERNANCE REPORT

Please refer to Note 10(b) to the consolidated financial statements of the Group for details on the emoluments of the five highest paid individuals in the Group during the years ended 31 December 2024 and 2025.

No remuneration was paid by the Company to Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the year ended 31 December 2025 (2024: same). Further, none of the Directors had waived or agreed to waive any remuneration during the year ended 31 December 2025 (2024: same).

The annual remuneration of the members of the senior management by band for the years ended 31 December 2025 and 2024 are as follows:

	Number of individuals	
	Year ended 31 December	
	2025	2024
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$12,000,001 to HK\$25,000,000	1	1
	2	2

AUDITOR'S REMUNERATION

Deloitte retired as the Independent Auditor upon expiration of its term of office at the conclusion of the 2025 AGM. Grant Thornton has been appointed as the Independent Auditor with effect from the conclusion of the 2025 AGM. During the year ended 31 December 2025, the remunerations paid or payable to Deloitte and Grant Thornton in respect of its audit services and non-audit services are RMB1.25 million and RMB0.14 million, respectively. The non-audit services mainly comprised interim review service and certain agree-upon-procedure work.

The Audit Committee is responsible for reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee receives letters from the external auditor, confirms the independence and objectivity of the external auditor, and holds meetings with the external auditor for the purpose of consideration of the audit scope offered by them, and consideration of and approval for the fees charged by them and the scope and appropriateness of non-audit services (if any). The Audit Committee also advises the Board on the appointment, reappointment and removal of the external auditor.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2025. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

The statements of the external auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group are set out in the section headed "Independent Auditor's Report" on pages 122 to 125 of this report.

COMPANY SECRETARY

Ms. Cheng Lucy (“**Ms. Cheng**”) was appointed as the company secretary of the Company (the “**Company Secretary**”) on 4 May 2023.

Ms. Cheng was nominated by Boardroom Corporate Services (HK) Limited (“**Boardroom**”) to assume such position and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Ms. Cheng has been contacting in respect of company secretarial matters is Mr. Li Xin, an executive Director, or his delegate.

Ms. Cheng has attended over 15 hours of relevant professional training to update her skills and knowledge.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board acknowledges its overall responsibility for maintaining appropriate and effective risk management and internal control systems of the Group on an ongoing basis and reviewing their effectiveness. The management is responsible for implementing the Board’s risk management policy and procedures. It also designs, implements and monitors the risk management and internal control systems and confirms to the Board on the effectiveness of the systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has internal audit and risk control functions, which carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company’s risk management and internal control systems.

The risk management and internal control systems are continuously reviewed and evaluated by the Audit Committee, the internal audit team and the senior management of the Company, and further reviewed and evaluated by the Board at least annually, covering all material controls, including financial, operational and compliance controls, to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer’s accounting, internal audit, financial reporting functions, as well as those relating to the issuer’s ESG performance and reporting.

During the year ended 31 December 2025, the management has confirmed to the Board and the Audit Committee on the effectiveness and adequateness of the risk management and internal control systems, and the Board has reviewed the Company’s internal control and risk management systems and considered the systems to be effective and adequate.

INTERNAL CONTROL

It is the responsibility of the Board to ensure that the Company maintains sound and effective internal controls to safeguard the Shareholders’ interests and the Group’s assets at all times. To manage risks and to ensure the smooth operation of the Group’s business, the Company engaged an internal control adviser to assist in reviewing the Company’s internal control system, and providing recommendations for improvement. The internal control adviser also conducted assessments on (i) the Company’s mechanisms and internal control measures in complying the relevant laws and regulations relating to data and security protection; (ii) the Company’s operational control over the game management system; (iii) information technology general control measures; and (iv) the integrity and reasonableness of the Company’s key operational data. The Group has adopted a series of internal control policies and procedures designed to provide reasonable assurances for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Highlights of the Group’s internal control system include the following:

CORPORATE GOVERNANCE REPORT

Financial reporting

The Group has adopted comprehensive policies and procedures in connection with its financial reporting and disclosure controls, including financial report management policies, budget management policies and financial statement preparation policies. The Group provides ongoing training to employees in its finance department to ensure that such policies are observed and implemented.

Licensing

In accordance with its internal measures, the Group's administrative team is assigned to ensure it has all necessary licenses for its business operation and to keep track of the licensing update and renewal.

Human resources

The Group has internal control policies covering various aspects of human resources management such as recruiting, training, work ethics and legal compliance. The Group provides specific training tailored to the needs of its employees in various departments. Its employee handbook contains guidelines on work ethics and prevention of fraud and corruption. Furthermore, the human resources policy stipulates that the human resources function is responsible for monitoring the requirements of the latest labour laws and regulations and ensuring that they are reflected in current practice.

Compliance with Listing Rules and relevant laws and regulations

The Group continues to monitor its compliance with relevant laws and regulations and its senior management team works closely with its employees to implement actions required to ensure its compliance with relevant laws and regulations. The Group also continues to arrange ongoing training to be provided by Hong Kong legal advisers to its Directors, senior management and employees on the Listing Rules, including but not limited to aspects related to corporate governance and connected transactions. The senior management, internal audit team and the Audit Committee together monitor the implementation of the Group's internal control system on an ongoing basis to ensure its policies and implementation are effective and sufficient.

The Directors are of the view that, the Company had implemented the enhanced internal control measures recommended and its internal control measures and policies with regard to the relevant regulatory requirements, game management system and IT general controls in place are adequate and effective to support the daily operations of the Group for the year ended 31 December 2025.

RISK MANAGEMENT

The ultimate goal of the Group's risk management process is to bring focus and effort to the issues arising from its business operations that create impediments to the success.

The Group's risk management process starts with identifying the major risks that are associated with its corporate strategy, goals and business operation (including ESG risks). The Group adopted risk management policies to assess risks in terms of their likelihood and potential impact, and then prioritize and pair each risk with a mitigation plan. The Group provide training to the employees and adopt risk management measures to ensure that all employees are aware of and responsible for managing risks. Each of the Group's operating departments is responsible for identifying and analyzing risks associated with its function. The Group's established departments, the Audit Committee, and ultimately the Board supervises the implementation of the risk management policy at the corporate level by bringing together each operating department, such as development, quality control, sales and marketing to collaborate on mitigating risk issues among different functions. For details about the qualifications and experience of the members of the Audit Committee and the Board, please refer to the section headed "Directors and Senior Management" in this annual report. The following table sets out some of the primary risks relating to the business and the existing risk management measures:

Risk identified**Risk management measures and procedures**

Information risk management, cybersecurity and data protection

The Group has implemented relevant internal procedures and controls to ensure that user data are protected and that leakage and loss of such data is avoided. The Group did not experience any material information leakage or loss of user data during the year ended 31 December 2025 (2024: same).

The Group strives to ensure that the usage, maintenance and protection of user data are in compliance with its internal rules and the applicable laws and regulations. The Group provides regular training to the information technology team and discuss any issues and necessary updates.

External communication policies

The Group has introduced written policies on external communications and procedures for handling enquiries from regulatory authorities. The Group has also appointed a contact person responsible for managing external communications and ensuring the implementation of its external communication policies.

Conflict of interest reporting and policy

The Group requires the new employees to undertake that they will not participate in or carry on any business which is in competition with the Group, and shall not be employed or engaged by any other third party while employed by the Group. The Group has also introduced a conflict of interest policy for the Directors and management to regulate and regularly report any existing and potential conflicts of interest.

Procedures and policies on anti-bribery and anti-corruption

The staff from the R&D department, finance department and sales and marketing department are required to comply with anti-bribery and anti-corruption controls. The Group has introduced a reporting mechanism and regular declarations of conflicts of interests for all staff, as well as provide regular training on corruption and bribery prevention.

Procedures on connected transactions

The Group has introduced procedures for the approval of connected transactions, comprising connected transactions identification and testing, decision making authority, information disclosure, auditing and financial reconciliation procedures. Under the procedures on connected transactions, approval from the Board is required prior to the entry into any connected transaction.

Whistleblowing

The Group has established a whistleblowing policy for employees and those who deal with the Group to raise concerns about possible improprieties in any matter relating to the Group. The Group has maintained an open channel to handle and discuss internal reports concerning finance, internal control and fraud to ensure that all reports will receive sufficient attention and any significant internal control weakness or reports will directly reach and be reported to the chairman of the Audit Committee. The Group has established a mechanism for remediating any internal control deficiency under which management of each level are assigned clear responsibilities relating to remediating the internal control deficiency in accordance with their respective levels.

DISSEMINATION OF INSIDE INFORMATION

The Company has adopted an inside information policy in accordance with the SFO and the Listing Rules, and made corresponding information disclosures in a timely manner. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality, so as to ensure effective protection of the rights and interests of investors and stakeholders.

INFORMATION DISCLOSURE

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. The primary focus is to ensure that information disclosure is timely, fair, accurate, truthful and complete, thereby enabling Shareholders, investors as well as the public to make informed decisions.

SHAREHOLDERS' RIGHTS

Convene an Extraordinary General Meeting (the "EGM")

In accordance with Article 12.3 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within three months after the deposit of such requisition. If within 21 days of such deposit the Board fails to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for putting forward Proposals at a General Meeting

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. However, shareholders who wish to propose resolutions may follow Article 12.3 of the Articles for requisitioning an EGM and including a resolution at such meeting. The requirements and procedures of Article 12.3 are set out above.

Putting forward Enquiries to the Board

Shareholders may send the enquiries to the Company for the attention of the Board at the Company's principal place of business at 31/F., 148 Electric Road, North Point, Hong Kong or by email at gala_ir@galasports.com.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATION

The Company recognizes the importance of effective communication with its Shareholders and investors to enhance investor relations and understanding of the Group's business performance and strategies. The Company is committed to maintaining an ongoing dialogue with its Shareholders through various means of communication, including annual general meetings and other general meetings. Current information about the Company including the annual report, announcements, circulars and press releases can be accessed through the Company's website (www.galasports.com).

The Company has adopted a shareholders' communication policy (the "**Shareholders' Communication Policy**") with the objective of ensuring that both individual and institutional Shareholders, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments and governance) in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

The Company has also established an investor relations department (the "**Investor Relations Department**") to communicate with research analysts, institutional investors, and Shareholders in an ongoing and timely manner, providing them with necessary information, data, and services to understand the Company's operations, strategies, and development.

Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors by contacting the Investor Relations Department through email at gala_ir@galasports.com.

During the year ended 31 December 2025, the Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy. Having considered the multiple channels of communication and engagement in place, the Board is satisfied that the Shareholders' Communication Policy has been properly in place during the year ended 31 December 2025 and remains effective.

DIVIDEND POLICY

The Company has adopted the following dividend policy on 16 January 2023:

The Board will determine any declaration of dividends at its full discretion, taking into account a variety of factors such as the Company's distributable profit, the Group's financial performance, the Group's working capital requirements, the Group's liquidity position, the business environment and the availability of investment opportunities and will be subject to approval of the Shareholders. Additionally, the Board may recommend interim and/or annual dividends from time to time if it is justified taking into account the factors above, in accordance with the Articles. However, to ensure the Company's financial resources are appropriately allocated to support its business growth and provide long-term value for the Shareholders, there can be no assurance that dividends of any amount will be declared or distributed in any given year.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, the Company had not made any change to its Articles. A copy of the Articles is available on the websites of the Company and the Stock Exchange.

DEFINITION

“Articles” or “Articles of Association”	the amended and restated Articles of Association of the Company, as amended from time to time;
“Audit Committee”	the Audit Committee of the Board;
“Board”	the board of directors;
“China” or “PRC”	the People’s Republic of China;
“Company”	Gala Technology Holding Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2458);
“CG Code” or “Corporate Governance Code”	Appendix C1 (Corporate Governance Code) to the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Eligible Participants”	the Board may, at its discretion, offer to grant an option to the following persons (collectively, the “ Eligible Participants ”, and each an “ Eligible Participant ”) to subscribe for such number of new Shares: (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; and (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries;
“Eligible Persons”	pursuant to the share award scheme adopted by the Company on 15 December 2023, the Board may, in its discretion, grant share awards to the following persons (collectively, the “ Eligible Person(s) ”): (i) any member of the senior management or director of the Group; and (ii) any person determined by the Board to be eligible to participate in the Executive Aligned Share Award Scheme. The Board may cause to be paid to the relevant trustee or the relevant trust holding company, either before or after the determination of Eligible Persons, such sums as may be necessary for the purpose of purchasing existing Shares from the market as award shares under the Executive Aligned Share Award Scheme and for other purposes set out in its rules and the relevant trust deed;
“ESG Oversight Committee”	the environmental, social and governance oversight committee of the Board;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“Listing Date”	16 January 2023, being the date on which the Shares commenced dealings on the Main Board of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules;
“Nomination Committee”	the nomination committee of the Board;
“Prospectus”	the prospectus of the Company dated 30 December 2022;
“Remuneration Committee”	the remuneration committee of the Board;
“Reporting Period”	1 January 2025 to 31 December 2025;
“RMB”	Renminbi, the lawful currency of the PRC;
“Selected Participants”	pursuant to the 2023 Share Award Scheme adopted by the Company on 14 December 2023, the Board may, at its discretion, grant awards to the following parties (collectively, the “ Selected Participant(s) ”): (i) full-time or part-time employees of the Group (including persons who are granted Awards under the Scheme as an inducement to enter into employment contracts with members of the Group) but excluding core connected persons thereof, such as its Directors and chief executive officer) (the “ Employee Participants ”); or (ii) employees of the holding companies, fellow subsidiaries or associated companies of the Company (the “ Related Entity(ies) ”), but excluding core connected person(s) of the Related Entity(ies), such as chief executive officers, Directors and etc. (the “ Related Entity Participants ”);
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
“Shareholder(s)”	the holder(s) of the Shares;
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“treasury shares”	has the meaning ascribed to it under the Listing Rules;
“%”	per cent.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE GROUP

Gala Technology Holding Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**” or “**we**”) are a mobile sports game enterprise driven by technology at its core. Rooted in the Hong Kong and Chinese Mainland markets, the Group focuses on the development, publishing, and operation of mobile sports games, with its business covering product R&D, launch and promotion, publishing and operation, and commercial monetization. The Group has always adhered to the philosophy of “Gameplay First (遊戲至上), Always Commit to Quality (始終致力於品質), Love What You Do (熱愛你的事業), and Athletic Spirit (運動精神)”, and persisted in the purpose of “enhancing sports with technology for more fun”. We are committed to creating high-quality game products through technological innovation and providing a premium interactive entertainment experience for global players.

The games currently launched by the Group include Football Master (足球大師), NBA Basketball Master (NBA 籃球大師), Total Football (最佳球會), Football Champion (最佳 11 人 – 冠軍球會), Clutch Hit Baseball (棒球大師), and NBA Rivals (美職籃巔峰對決). Our products have reached an industry-leading level in key areas such as rendering, physics, simulation, players, and motion AI. We have established amicable long-term cooperative relationships with international sports associations (FIFPro, NBA and NBPA, MLB and MLBPA) as well as top football clubs such as F.C. Barcelona, F.C. Bayern Munich, and Real Madrid C.F.

In 2025, the Group successfully signed top international basketball player Jimmy Butler as an endorser and deeply participated in strategic industry exhibitions such as the Huawei Game Fest, further driving a systematic enhancement in brand awareness. The Group’s product and content ecosystem construction has yielded remarkable results, with related marketing activities achieving cumulative ten million-level exposure across all platforms. Game live-streaming content firmly ranks at the forefront of its category on mainstream platforms, while short-video dissemination in vertical areas continues to form scale effects and has received endorsements from top creators across multiple fields. The Group’s product Clutch Hit Baseball (棒球大師) achieved dual growth in both user scale and revenue, further consolidating its leading Top 2 position in the North American MLB-authorized category.

We firmly believe that sports represent love and life, and we will continue to create a greater “Sports Empire”. In the future, the Group will utilize refining technology, regionalizing operations, and building a publishing ecosystem as its strategic triangle to construct a multi-layered growth engine. Technologically, we will build an agile “R&D – Iteration” pathway through a closed loop of player feedback; in the market, we will strengthen the synergistic resonance between existing mature regions and emerging Southeast Asian hinterlands; on the ecosystem side, we will consolidate the R&D model for mini-games. Ultimately, we aim to achieve value uplift from single-product revenue to the commercialization of platform capabilities, creating a next-generation entertainment experience for global players that seamlessly integrates virtual competition with real-world sports.

ABOUT THE REPORT

The Environmental, Social and Governance Report (the “**ESG Report**” or “**Report**”) aims to systematically elaborate on the Group’s strategic planning, specific practices, and performance in the aspects of environmental, social, and governance (“**ESG**”) as well as climate-related risks and opportunities, comprehensively demonstrating the Group’s firm commitment to sustainable development. The Report is available in traditional Chinese and English for the readers. In case of any inconsistency between the two versions, the Chinese version shall prevail.

REPORTING PERIOD

Unless otherwise stated, the annual ESG Report covers the activities, challenges, and measures taken with respect to ESG aspects of the Group for the year ended 31 December 2025 (the “**Reporting Period**” or “**2025**”).

REPORTING SCOPE

The scope of disclosure of the Report is determined based on the materiality of the business segments under the Group's direct operational control, as well as their revenue contribution, and is consistent with the scope set out in the annual report. The Report covers the Group's major operating locations, including offices in Shenzhen and Chengdu, the PRC. Based on the Group's primary sources of revenue and business operations that are most relevant to ESG, the Report discloses the Group's initiatives, plans, performance and commitments in various ESG aspects and sustainable development. ESG key performance indicator ("KPI") data are collected from the aforementioned business operations.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (the "ESG Reporting Code") as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). For information relating to the Group's corporate governance structure and other relevant details, please refer to the "Corporate Governance Report" section in the annual report.

During the Reporting Period, the Group applied the reporting principles from the aforementioned ESG Reporting Code as follows:

Reporting Principles	The Group's Responses
Materiality	Materiality assessment was conducted during the Reporting Period to identify material ESG issues that have a substantial impact on the business and stakeholders. The confirmed material issues are presented as the core content of the Report. The materiality of issues was reviewed and confirmed by the Board of Directors (the "Board") and the Environmental, Social and Governance Oversight Committee (the "ESG Oversight Committee"). For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment" in the ESG Report.
Quantitative	The standards, methodologies, and applicable assumptions used in the calculation of KPIs data have been supplemented by explanatory notes.
Consistency	The Group has adopted consistent statistical methods and calculation baselines to ensure the reliability and comparability of the data. This is the fourth ESG report prepared by the Group. Unless otherwise stated, the preparation approach, coverage, and disclosure scopes are consistent with the previous report.
Balance	The ESG data and content contained in the Report are presented in an objective and fair manner, striving to accurately and truthfully reflect the Group's overall ESG performance and actual results.

BOARD STATEMENT

The Board of the Group, acting as the highest responsible and decision-making body for ESG matters, bears ultimate responsibility for the formulation of the Company's ESG strategy and the authenticity and effectiveness of the report, while comprehensively overseeing all ESG-related matters that may affect the Company's operations, shareholders, and other stakeholders. The Board and all Directors ensure that the contents of the Report are true, accurate, and complete, containing no false entries, misleading statements, or material omissions, and assume responsibility for the truthfulness, accuracy, and completeness of the Report. To effectively implement ESG management work and ensure compliance with ESG-related laws and regulations, the Board has established an ESG Oversight Committee, which is responsible for systematically identifying and assessing ESG risks and opportunities related to the Group, continuously monitoring ESG performance, and regularly reporting progress to the Board. Please refer to the section headed "Sustainable Development Governance Structure" in the ESG Report for further details.

To continuously refine relevant ESG strategies, policies, and systems, and to identify and determine ESG issues and potential risks that have a significant impact on the Group, the Group has established diversified communication channels to ensure close exchange and interaction with major stakeholders. Based on the feedback from stakeholders, the Group discussed and determined the material issues for the year, alongside related risks and opportunities. The Board has reviewed the material ESG issues for the year and has passed the proposal to adjust the level of materiality for addressing various ESG issues, ensuring the timeliness and rationality of the materiality evaluation matrix. Please refer to the section headed "Materiality Assessment" in the ESG Report for further details.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has formulated the Enterprise Risk Management System and established a risk management team to systematically evaluate and monitor the risks which the Group may be exposed to in operating activities. The team is primarily responsible for reviewing and advancing the enterprise risk management strategy, organizing risk self-assessments, ensuring the effectiveness of the risk management structure and the collaborative operation among management systems; thereby establishing risk priorities and promoting the implementation of corresponding risk control measures to minimize enterprise operational risks. Furthermore, team members regularly participate in specialized training on laws and regulations annually to timely grasp and deeply understand the latest regulatory requirements, continuously strengthening their professional capabilities in risk identification and assessment.

As a mobile sports game company, the Group's business does not involve manufacturing; therefore, it does not cause a significant impact on the environment. The Group has established an ESG target management system covering core indicators such as greenhouse gas ("GHG") emissions, waste management, energy consumption, and water resources management. The Board earnestly fulfills its supervisory and review responsibilities, regularly reviews the progress of achieving ESG targets, and dynamically assesses and optimizes relevant strategies and implementation measures based on actual execution results to ensure the standardized operation of the ESG management system and the steady advancement of various tasks. The Board also reviews the ESG report on an annual basis, systematically reviews the progress of the targets, prudently assesses and promotes any necessary adjustments and improvements, and continuously enhances the Group's ESG performance to create robust, sustainable long-term value for stakeholders. Please refer to the section headed "A. Environmental" in the Report for further details.

The Report, which discloses in detail the progress and effectiveness of the Group's ESG work in 2025, was considered and approved at the Board meeting held on 26 March 2026.

SUSTAINABLE DEVELOPMENT GOVERNANCE STRUCTURE

The Group deeply understands that a sound governance structure is a crucial cornerstone for an enterprise to achieve sustainable development. To ensure that ESG governance is consistent with the Group's business strategy in relation to sustainable development, the Group deeply integrates the ESG philosophy into its corporate culture core and fully integrates ESG practices into all aspects of daily business operations, actively building a robust ESG governance structure to promote the synergistic implementation of sustainable development strategies and governance systems.

The Board is responsible for formulating and continuously refining relevant management guidelines, strategies, priorities, and specific targets, assuming overall responsibility for the Group's ESG matters. During the Director selection process, the Board values diversity factors, fully considering diversified advantages such as industry awareness, professional background, accumulated experience and gender balance, ensuring that Board members possess good character and integrity, independent judgment, and the appropriate skills, experience, knowledge and perspectives required to effectively oversee the Group's ESG affairs. During the Reporting Period, the Group appointed a new female independent non-executive Director. As a new member of the Board, we expect that her unique female perspective, profound professional background, diverse industry experience, alongside exceptional financial leadership and strategic planning capabilities, will assist the Board in achieving efficient operations and further driving the implementation of the Group's compliant operations and sustainable development goals.

To ensure that the Board possesses the capability to effectively oversee ESG and climate-related matters, the Group has established a mechanism for assessing the skills and competencies of the Board. This mechanism is led by the Nomination Committee and is conducted on a regular annual basis, with a focus on evaluating whether the Board as a whole and its individual members possess sufficient knowledge, skills and experience in ESG and climate-related matters to address the relevant risks and opportunities currently and prospectively faced by the Group. The assessment includes an analysis by the Nomination Committee of the members' industry knowledge, professional background, management experience and gender diversity. Where appropriate, external independent consultants may also be engaged to provide objective analysis and recommendations on the Board's overall capability in addressing climate-related matters. Through this assessment mechanism, the Group is able to dynamically maintain and continuously enhance the skills and competencies required for the Board to oversee ESG and climate strategies.

In order to better manage the Group's ESG performance and systematically respond to related issues and potential risks, the Board convenes regular ESG thematic meetings annually to collectively discuss ESG and climate-related matters, comprehensively assess and determine the ESG and climate-related risks and opportunities faced by the Group, evaluate the materiality levels of various issues, and simultaneously track the implementation progress and effectiveness of ESG targets. In addition, the Board is responsible for ensuring the continuous and effective operation of ESG-related policies, risk management mechanisms and internal control systems, reviewing and approving revision plans when appropriate.

To effectively drive the implementation of ESG-related strategies and the achievement of targets, the Group has established an ESG Oversight Committee under the Board to systematically manage ESG issues under the Board's authorization. Members of the ESG Oversight Committee include the chief executive officer, human resources director, administration director, and other core management representatives appointed from time to time; all members possess professional knowledge and practical capabilities in the ESG field, providing professional support for the Board to fulfill its ESG oversight responsibilities. The core responsibilities of the ESG Oversight Committee include:

- Assisting the Board in identifying, evaluating, and managing the Group's material ESG-related matters, comprehensively covering ESG risk identification and opportunity exploration;
- Being responsible for the collection and analysis of ESG data, monitoring and evaluating the Group's ESG performance, and following up on and reviewing the implementation progress of ESG targets;
- Ensuring that the Group's business activities strictly comply with ESG-related laws and regulatory requirements;
- Assisting the Board in formulating, executing, monitoring, and dynamically updating ESG-related policies and strategies;
- Setting climate-related performance indicators and targets to assist the Board in assessing the effectiveness of ESG strategies and measures;
- Coordinating the preparation of the Group's ESG Report, which can only be published after being considered and approved by the Board;
- Convening at least one special meeting annually to systematically track, evaluate, and manage the execution progress of the main annual targets approved by the Board, ensuring that relevant targets are effectively implemented and continuously optimized;
- The ESG Oversight Committee must formally report to the Board at least once a year, fully presenting its risk investigation results, review decisions, and related improvement recommendations;
- The ESG Oversight Committee shall organize at least one climate-related training session or briefing annually to continuously enhance the Board's professional understanding and strategic decision-making capabilities in relation to climate and ESG matters;
- The ESG Oversight Committee will introduce external independent third-party consultants when necessary, utilizing their professional domain knowledge, objective and neutral recommendations to assist the Company in efficiently advancing the implementation of ESG targets, further strengthening the professionalism and scientific decision-making of the ESG governance system. During the process, the ESG Oversight Committee is responsible for overseeing and managing the selection of third-party consultants, the execution process of tasks, and the quality of outcomes throughout the entire cycle.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The ESG Oversight Committee conducts continuous assessment and full-process management of the Group's ESG-related risks based on established monitoring mechanisms and risk self-assessment methodologies. The ESG Oversight Committee comprehensively considers core dimensions such as the likelihood of risk occurrence, potential financial impacts, and reputational impacts on the Group to systematically identify, assess, and prioritize ESG and climate-related risks and opportunities. The Group follows the following steps in risk identification and monitoring:

- **Risk monitoring and alert reporting:** Through risk indicators and red flag warning mechanisms, the ESG Oversight Committee tracks identified major risks throughout the process, and requires the heads of respective business units to fulfill their risk alert reporting duties; the submitted early alert reports must contain specific and executable risk mitigation plans to ensure effective risk response.
- **Risk report consolidation and strategy formulation:** The ESG Oversight Committee consolidates and analyzes the risk reports submitted by each business unit, and formulates targeted risk mitigation plans and establishes long-term management mechanisms based on the risk alerts and monitoring results.
- **Ongoing implementation and effectiveness tracking:** The ESG Oversight Committee continuously reviews execution progress and tracks effectiveness, dynamically adjusting and iteratively optimizing management plans based on real-time risk assessment results and internal/external environmental changes, to effectively control ESG risks and minimize their potential substantive financial, operational, and reputational impacts on the Company.

The Group has established and continuously operates management policies and monitoring systems appropriate to ESG matters. After prudent confirmation, the ESG-related information disclosed by the Group complies with the applicable ESG Reporting Code and related regulatory requirements.

Role	Composition	Scope of Responsibilities
The Board	Board Diversity	<ul style="list-style-type: none"> • Ensure the effectiveness of ESG and climate-related policies, risk management, and internal control systems • Review the materiality of ESG issues and assess and determine ESG and climate-related risks and opportunities • Regularly review and monitor ESG-related targets, their performance and progress • Review and approve the content of the annual ESG report
ESG Oversight Committee	Chief Executive Officer, head of human resources, head of administration department, and other representatives of core management as may be appointed from time to time	<ul style="list-style-type: none"> • Assist in identifying, evaluating, prioritizing, and managing material ESG and climate-related issues • Collect and analyze ESG data, monitor and evaluate ESG performance • Follow up and review the progress of ESG-related targets • Assist the Board in formulating, monitoring, and updating ESG-related policies and strategies • Organize the preparation of ESG reports

STAKEHOLDER ENGAGEMENT

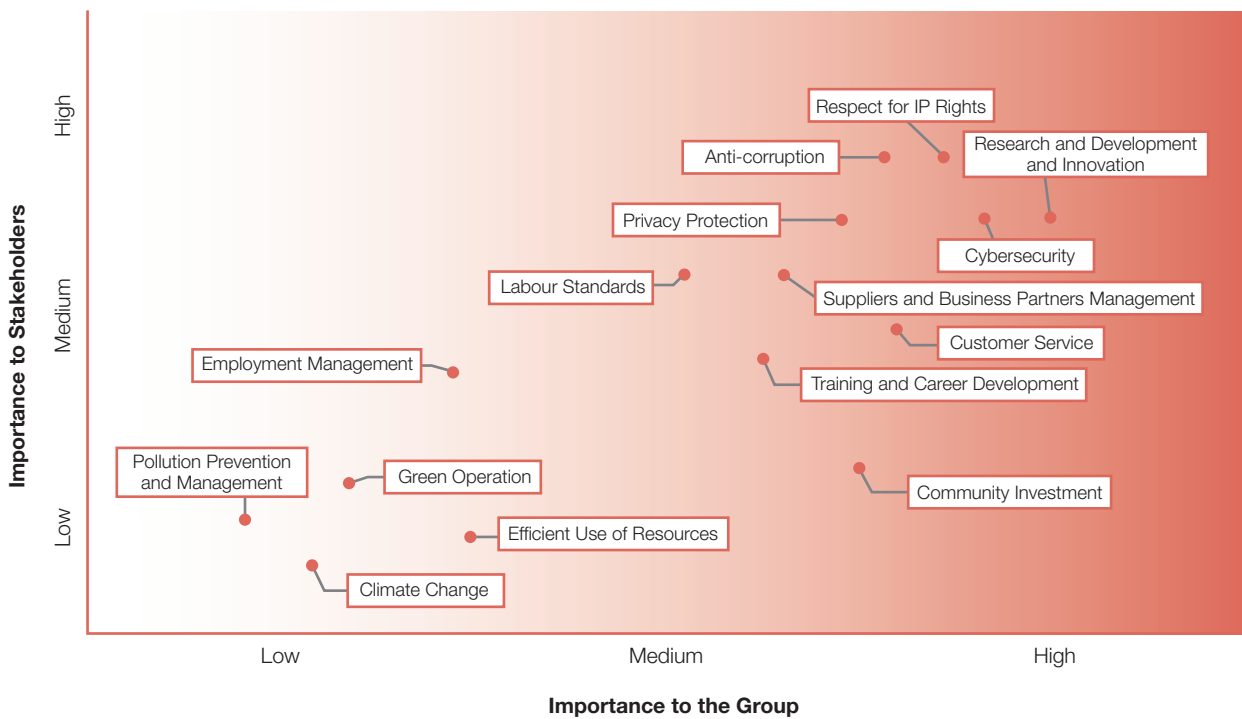
The Group places high importance on systematically integrating stakeholder feedback, viewing it as an essential driving force for optimizing operational efficiency and deepening sustainable development strategies. To systematically identify, respond to, and manage the core concerns of various stakeholders, we consistently maintain close communication with major stakeholders to jointly drive improvements in ESG performance and co-create broader social and environmental value alongside our stakeholders. Concurrently, by building diversified communication channels and establishing two-way, dynamic dialogue mechanisms, we continuously gather and translate insights from all parties into concrete and feasible ESG improvement pathways. Under the collaborative framework, we maintain tight linkage with core stakeholders to jointly advance ESG performance and material issue management, striving to realize long-term value co-creation across social, environmental, and economic dimensions.

Through the diversified communication mechanisms shown in the table below, the Group ensures that voices from all types of stakeholders are effectively identified, integrated, and transformed into actionable strategic initiatives, achieving deep coupling between stakeholder participation and corporate sustainability:

Stakeholders	Expectations	Communication Channels
Investors and Shareholders	<ul style="list-style-type: none"> ✓ Compliance with the relevant laws and regulations ✓ Timely announcement of the latest corporate information ✓ Corporate sustainable development ✓ Results 	<ul style="list-style-type: none"> ➤ Annual general meeting and other general meetings ➤ Financial reports ➤ Announcements and circulars ➤ Official website
Players and Customers	<ul style="list-style-type: none"> ✓ Performing product and service responsibilities ✓ Cyber security and data protection ✓ Compliance operation ✓ Customers' feedback processing 	<ul style="list-style-type: none"> ➤ Customer satisfaction survey and questionnaire ➤ Customer service hotline ➤ Complaint and review meetings ➤ Social media platforms
Suppliers and Partners	<ul style="list-style-type: none"> ✓ Fair competition ✓ Cooperation to achieve win-win scenario ✓ Business ethics and credibility ✓ Safety and stability on Internet platforms ✓ Patents, copyrights and intellectual property ("IP") rights licenses 	<ul style="list-style-type: none"> ➤ Supplier management meetings and activities ➤ Bidding ➤ Offline marketing activities
Employees	<ul style="list-style-type: none"> ✓ Work environment ✓ Salary and benefits ✓ Career development ✓ Health and Safety 	<ul style="list-style-type: none"> ➤ Employee satisfaction survey ➤ Regular management communications ➤ Regular work performance assessment ➤ Employee training classes ➤ Employee group activities
Government and Regulatory Institutions	<ul style="list-style-type: none"> ✓ Lawful tax payment ✓ Compliance operation 	<ul style="list-style-type: none"> ➤ Regular performance reporting ➤ Official visits
Communities, NGOs and the Media	<ul style="list-style-type: none"> ✓ Support for community development ✓ Environmental protection ✓ Compliance operation ✓ Corporate social responsibility 	<ul style="list-style-type: none"> ➤ Official website ➤ Community investment plans ➤ ESG report ➤ Social media platforms ➤ Press release

MATERIALITY ASSESSMENT

To systematically identify and respond to the core concerns of stakeholders, the Group has established a normalized ESG material issue assessment mechanism based on business strategies and industry benchmarks. Through questionnaire surveys, major stakeholders are invited to quantitatively score potential material ESG issues, thereby constructing a materiality matrix to scientifically evaluate the substantial impacts of various issues across financial, environmental, and social dimensions. As the internal and external operating environments, business scope, and major stakeholders have not undergone significant changes during the year, the Board, the ESG Oversight Committee and management have reviewed and confirmed that last year's materiality matrix and its ranking results remain representative and effectively reflect current expectations. Therefore, this year's ESG management and reporting work will continue to use this matrix to ensure the continuity of strategic focus and the targeted nature of responses.



CONTACT US

The Group values every piece of feedback from stakeholders and sincerely welcomes opinions and suggestions regarding the ESG Report or the Group's overall sustainable development performance. You may contact us through any of the following methods, and your feedback will assist us in continuous improvement and enhancement:

Postal address: 15/F, Qianhai Chow Tai Fook Finance Tower, 66 Shu Niu Avenue, Nanshan Subdistrict, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen
 Telephone: 755-21629650
 Email: gala_ir@galasports.com

AWARDS AND ACHIEVEMENTS

During the Reporting Period, the Group has received the following awards and achievements:

Award Category	Name of Awards and Achievements	Awarding Institutions
Corporate	Top 20 Game Enterprises in Guangdong Province	Guangdong Game Industry Association
	High-level Innovative Talent Training Base in Nanshan District, Shenzhen	Human Resources Bureau of Nanshan District, Shenzhen
	2025 Best Partner	Xiaomi Game Center
	2025 Best Online Game	Honor Game Center
	2025 Potential Partner of the Year	OPPO Game Center
Product	2025 Best Partner of the Year	vivo Game Center
	Most Popular Game of the Year – NBA Rivals (美職籃巔峰對決)	HUAWEI GameCenter
	HarmonyOS Outstanding Contribution Award – Total Football (最佳球會)	HUAWEI GameCenter
	HarmonyOS Innovation Contest Third Prize – Total Football (最佳球會)	HarmonyOS Technology Innovation Group
	HarmonyOS Innovation Contest Third Prize – NBA Rivals (美職籃巔峰對決)	HarmonyOS Technology Innovation Group
	HarmonyOS Innovation Contest Third Prize – Total Football (最佳球會)	HarmonyOS
	HarmonyOS Innovation Contest Third Prize – NBA Rivals (美職籃巔峰對決)	HarmonyOS
	2025 High-Quality Game of the Year – NBA Rivals (美職籃巔峰對決)	vivo Game Center
	2025 Best Competitive Game – NBA Rivals (美職籃巔峰對決)	Xiaomi Game Center

A. ENVIRONMENTAL

A1. Emissions

The Group strictly complies with current environmental laws, regulations and standard systems, including the “Environmental Protection Law of the People’s Republic of China”, the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes”, the “Law of the People’s Republic of China on the Prevention and Control of Water Pollution”, and the “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution”. Based on these, we have formulated and implemented the Environmental Policy, continuously improving environmental performance in the course of operation through systematic management initiatives. We dynamically track regulatory requirements, timely strengthen environmental management measures, ensure all policies are effectively implemented to achieve full compliance, minimize pollution and environmental damage caused by daily business operations, and promote the enterprise toward green, sustainable, and high-quality development.

We always regard improving the environmental protection management system as a core task, actively fulfilling the social responsibilities the Group should bear, and committing to systematically responding to the expectations and demands of all stakeholders. In 2025, the Group experienced no material breach of relevant laws and regulations regarding the emissions of exhaust gas and greenhouse gases, discharges to water and land, as well as the generation of hazardous and non-hazardous wastes that caused a significant impact on the Group (2024: Nil).

Exhaust Gas Emissions

Given the operational characteristics of the Group’s main business, daily operations do not involve the use of company-owned vehicles, and there are no direct exhaust gas emission sources. The Group currently has no specific policies or data disclosures related to exhaust gas emissions, no relevant monitoring data available for disclosure, and has not set targeted reduction goals. Although the Group has no significant direct exhaust gas sources, we uphold the principle of “prevention at source and full-process management”, systematically promoting energy saving, resource recycling, and waste reduction measures in all aspects of its daily operations, thereby improving operational efficiency and effectively reducing indirect emissions and potential environmental impacts across the value chain, supporting overall environmental protection and sustainable development goals. Specific actions include advocating green offices and low-carbon operations, comprehensively implementing energy saving and waste reduction from the source; promoting sustainable travel solutions, encouraging employees to prioritize public transportation for commuting and business travel, and substituting video conferences for non-essential air travel to reduce indirect emissions; and deepening internal environmental culture building by continuously promoting environmental concepts and practices to employees to enhance overall awareness and participation in climate action. The above initiatives aim to systematically manage operational emissions and assist in realizing overall environmental protection and sustainable development goals.

GHG Emissions

The Group’s GHG emissions are mainly energy indirect emissions (Scope 2) arising from purchased electricity consumption, with no direct emissions generated from the combustion of fuel in vehicles (Scope 1). To actively respond to climate change and fulfill corporate social responsibilities, the Group systematically implements energy-saving and consumption-reduction initiatives, simultaneously lowering operational emissions while strengthening a low-carbon operation mindset among all employees. For specific targets, measures, and performance related to energy management, please refer to the section headed “Use of Resources – Energy Management” in the ESG Report for further details.

Set out below is the summary of the Group’s GHG emissions performance in 2025 and 2024:

Indicators ¹	Unit	2025	2024
Scope 1: Direct GHG emissions	tonnes of CO ₂ equivalent (“tCO ₂ e”)	–	–
Scope 2: Energy indirect GHG emissions	tCO ₂ e	295.90	283.19
• Purchased electricity	tCO ₂ e	295.90	283.19
Total GHG emissions	tCO ₂ e	295.90	283.19
Total GHG emissions intensity	tCO ₂ e/full-time employee ²	0.50	0.58

¹ GHG emissions information is presented in terms of carbon dioxide equivalents on the basis of, including but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the “Global Warming Potential Values” from the “Sixth Assessment Report” published by the United Nation’s Intergovernmental Panel on Climate Change (IPCC), “How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, and the average electricity carbon dioxide emission factor applicable to Shenzhen and Chengdu (the Group’s principal places of operation) as set out in the “Announcement on the Publication of Electricity Carbon Dioxide Emission Factors for 2023” jointly released by the Ministry of Ecology and Environment and the National Bureau of Statistics. During the Reporting Period, the Group did not enter into any contractual arrangements in relation to electricity procurement.

² As at 31 December 2025, the Group had 591 full-time employees. Such figure is also used to calculate other intensity data.

In 2025, due to the Group’s business units developing new projects while actively expanding into overseas game markets, the total number of employees increased, office areas expanded, and electricity consumption rose, resulting in an increase in both total GHG emissions and their intensity. Based on its actual conditions of operation, the Group has set an emissions target (Scope 1 and Scope 2) of maintaining the total GHG emissions intensity for the year ending 31 December 2026 (“2026”) to be no more than the 2025 baseline, which is 0.66 tCO₂e/full-time employee. To correspond with the national “30•60 goals”, the Group plans to peak carbon emissions by the year ending 31 December 2030 (“2030”) and achieve carbon neutrality by the year ending 31 December 2060 (“2060”).

Sewage Discharge

Given the nature of the Group’s business activities, water demand in its operation is limited, and no significant source of sewage discharge is generated. The wastewater generated is entirely discharged into the municipal sewage pipeline network and handed over to qualified professional sewage treatment plants for compliant treatment. Therefore, the Group’s water consumption during the Reporting Period is equivalent to the volume of wastewater treated by the municipal system. Specific relevant data can be found in the section headed “Water Resources Management” in the Report.

Waste Management

The Group is committed to properly managing and disposing of the wastes generated from operations, continuously maintaining high standards in waste reduction, and reinforcing employee knowledge and skills through promotion and training to enhance their awareness of environmental protection and sustainable development. The Group actively promotes a circular economy by implementing the “3R” principles (Reduce, Reuse, Recycle) in its daily operations.

Hazardous Wastes

Due to its business nature, the Group does not generate significant amounts of hazardous wastes in its daily operations and therefore has not set a specific target in this regard. If any hazardous wastes are generated, the Group will strictly comply with relevant environmental laws and regulations, and must engage a qualified chemical waste collector to properly dispose of such wastes.

Non-hazardous Wastes

Paper is the major non-hazardous waste the Group generates during our daily operations. To mitigate its environmental impact, the Group has implemented a comprehensive paper management policy and actively promotes environmental awareness among employees, integrating the concept of resource recycling into daily operations to reduce paper consumption. Meanwhile, we regularly arrange for collected waste paper to be handled by designated personnel to ensure it is effectively recycled into reusable resources.

The Group will continue to deepen its effort and effectively implement the following waste reduction and resource recycling measures for office paper use:

- Promote the electronic and automated administrative procedures: Continuously promote and execute multiple internal administrative procedures to be processed electronically or automated, thereby reducing reliance on paper at source.
- Implement the concept of a paperless office: Actively advocate a paperless office, encourage the priority use of electronic files for communication and collaboration, and avoid printing and copying physical documents whenever possible.
- Carry out paper recycling and reuse: Set up recycling points in the office, advocate the secondary use of paper to maximize the use value of each sheet.
- Prioritize double-sided printing: Set double-sided printing as the default option on all office equipment and post eye-catching signs next to printers to remind staff to use the double-sided function as much as possible.

Set out below is the summary of the Group's non-hazardous waste discharge performance in 2025 and 2024:

Type of waste	Unit	2025	2024
Total non-hazardous waste	kg	301.59	290.87
• Used toner box	kg	15.00	19.00
• Paper	kg	286.59	271.87
Total non-hazardous waste intensity	kg/full-time employee	0.51	0.59

The Group has achieved the waste generation target set for the previous year, and has set a waste generation target for the next year of maintaining the total non-hazardous waste discharge intensity for the year ending 31 December 2026 to be not more than the 2025 baseline, which is 0.51 kg/full-time employee. Given the significant success in achieving targets for the previous year, we will continue implementing the following measures to reduce paper waste this year:

- Put collection areas clearly marked with “waste paper collection” and “reusable paper” in the office;
- Prioritize the use of single-sided paper collected in the “reusable paper” collection box for printing and copying;
- Reduce unnecessary printing and copying;
- Use double-sided printing and copying; and
- Encourage employees to work paperlessly through electronic office systems such as office work automation and emails.

A2. Use of Resources

To comprehensively drive energy saving and consumption reduction, the Group strictly complies with relevant environmental protection laws and regulations, has formulated the “Environmental Policy” as a guiding principle, and actively coordinates with the rules and energy-saving measures of the office building where we located. We strive to systematically minimize the negative environmental impact of its business operations by integrating three major aspects: operational processes, equipment management, and employee behavior.

We will continue to improve the utilization efficiency of resources, reduce and even eliminate the use of materials that cause wastage of resources or damage to the environment through policy promotion, regular reviews, and effectiveness tracking, ensuring that environmental management goals are closely integrated with daily operations to fulfill corporate environmental responsibilities through tangible actions.

Energy Management

Electricity consumed in the office is the major source of the Group’s energy consumption. To fulfill the commitment to energy saving and consumption reduction, we actively adopt and will continue to strengthen measures to systematically reduce energy consumption. Meanwhile, by setting quantitative power-saving targets, monitoring power consumption data, and regularly reviewing effectiveness, we ensure the effective execution of various measures to achieve sustainable energy management.

The Group actively adopts the following power-saving measures, reviews their effectiveness from time to time, and makes adjustments according to actual operating conditions to raise employees’ awareness of energy saving and improve the efficiency of the use of resources:

- ✓ Fully adopt high-efficiency equipment: When purchasing or replacing office equipment (such as computers, monitors, air conditioners, lighting, etc.), prioritize products with high energy efficiency labels and maintain them regularly to ensure optimal operational efficiency.
- ✓ Optimize lighting system management: Gradually replace traditional lighting with LED energy-saving lamps in public areas and office spaces, fully utilize natural light, and reduce non-essential lighting.
- ✓ Strictly manage air conditioning and equipment electricity use: Set reasonable air conditioning temperatures according to the season and actual office needs, and switch off the power of non-essential equipment outside of office hours and holidays to avoid standby power consumption.
- ✓ Promote employees’ energy-saving awareness and behavior: Regularly conduct energy-saving promotion and training, encouraging employees to develop good habits such as turning off lights when leaving, shutting down unused equipment, and encouraging employees to adopt good practices such as properly setting up their personal work environment to integrate energy-saving concepts into daily life.

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Set out below is the summary of the Group's energy consumption performance in 2025 and 2024:

Type of energy	Unit	2025	2024
Direct energy consumption	MWh	–	–
Indirect energy consumption	MWh	906.00	657.00
• Purchased electricity	MWh	906.00	657.00
Total energy consumption	MWh	906.00	657.00
Total energy consumption intensity	MWh/full-time employee	1.53	1.34

In 2025, due to the Group's business units developing new projects while actively expanding into overseas game markets, the total number of employees increased, office areas expanded, and electricity consumption rose, resulting in an increase in total GHG emissions and their intensity. Total energy consumption did not reach the target set for the previous year, namely 1.34 MWh/full-time employee. In the future, we expect to enhance our employees' awareness of electricity conservation and reduce the total energy consumption intensity.

Based on its actual conditions of operation, the Group has set a target for the total energy consumption intensity for the year ending 31 December 2026 to be not more than the 2025 total energy consumption intensity, which is 1.53 MWh/full-time employee.

Water Resources Management

The Group deeply understands that responsible water resources management is the responsibility of corporate citizens. We will continue to review and improve water use efficiency, committed to maximizing water conservation while ensuring operational needs, and contributing to environmental sustainability.

The Group's water consumption mainly comes from domestic water use in the office area. Although, given the current geographical location of its business, the Group does not face any direct difficulties in sourcing water that is fit for purpose, we are deeply aware of the precious nature of water resources and the challenges of increasing global pressure on water availability. Accordingly, we proactively take on the responsibility of water conservation and regard water resources management as an important part of environmental protection and sustainable operations.

- ✓ Install water-saving devices: Install and maintain low-flow faucets at water-use points such as washrooms and pantries to appropriately restrict water flow and reduce unnecessary consumption.
- ✓ Strengthen preventive maintenance and monitoring: Regularly inspect water pipelines to promptly detect and repair leaks, preventing unnecessary waste of water resources.
- ✓ Enhance employees' awareness of water conservation: Through internal promotion and reminders, encourage employees to develop good habits such as turning off faucets tightly and reporting leaking facilities, integrating water-saving concepts into daily work and life.
- ✓ Explore non-traditional water source utilization: Collect and utilize air-conditioning drainage at specific office locations to further reduce reliance on municipal water supply.

Set out below is the summary of the Group's water consumption performance in 2025 and 2024:

Indicator	Unit	2025	2024
Total water consumption	thousand liters	2846.00	2297.00
Total water consumption intensity	thousand liters/full-time employee	4.82	4.68

The Group is committed to the sustainable management of water resources and has set a clear water-saving target, which is to maintain the annual total water consumption intensity for the two years ending 31 December 2025 to be not more than the 2023 baseline, namely 4.27 thousand liters/full-time employee. However, impacted by continuous business expansion and the increase in the number of employees, the Group's total water consumption in 2025 increased, and the total water consumption intensity did not reach the preset target. Going forward, the Group will continue to refine its water-saving management work, effectively fulfilling its commitment to resource efficiency and environmental protection while promoting steady business development. To this end, we will establish a long-term water-saving management mechanism and adopt more targeted measures to ensure the successful achievement of future annual targets:

- ✓ Deepen the construction of a water-saving culture: Systematically cultivate employees' water-saving and responsibility awareness through all-staff training, thematic promotion, and water-saving initiative rewards.
- ✓ Optimize facility and operation management: Comprehensively inspect and upgrade water facilities in office areas, adopt high-efficiency water-saving appliances, and strengthen pipeline network inspections to prevent leaks and wastage.
- ✓ Strengthen data-driven management: Refine water metering and real-time monitoring, analyze water use patterns, and provide precise data support for management optimization and efficiency improvement.

The Group has set a target that the annual total water consumption intensity for the year ending 31 December 2026 will not exceed the 2025 intensity, which is 4.82 thousand liters/full-time employee.

Use of Packaging Materials

The Group's business does not involve the sale and manufacture of physical products, nor does it operate factory facilities. Thus, our daily operations and business activities do not generate wastes related to product packaging.

A3. The Environment and Natural Resources

The Group will continuously improve its environmental management system and work with stakeholders to contribute to the protection of the ecological environment and natural resources. Although the Group's core business does not pose a significant direct impact on the environment and natural resources, as an enterprise adhering to sustainable development concepts, the Group always holds itself to higher standards, striving to minimize the environmental footprint of its operations and actively assuming environmental protection responsibilities. To systematically achieve this commitment, the Group has taken the following specific actions:

- ✓ Institutionalized management framework: Strictly follow environmental regulations and internationally recognized guidelines, formulate and implement the Group's "Environmental Policy", and fully integrate environmental and resource protection concepts into strategic planning, internal management, and daily operational processes.
- ✓ Full-process impact control: Set clear management targets and performance indicators for the potential environmental impacts of all operational links, and promote continuous improvement through regular reviews.
- ✓ Proactive response and prevention mechanism: Establish clear communication channels for environmental affairs to ensure that any related complaints or concerns receive a swift response. We are committed to promptly investigating and addressing issues, and using root cause analyses to implement preventive measures that avoid recurrence.
- ✓ Culture cultivation and capacity building: Enhance the environmental awareness of all employees through internal training, promotion, and incentive mechanisms, and encourage their participation in green practices such as energy saving, emission reduction, and resource recycling, so as to jointly shape a responsible corporate culture.

Enhance Environmental Awareness

We deeply understand that the key to improving environmental performance lies in transforming institutional norms into employees' conscious actions. To this end, the Group is committed to building a systematic environmental culture and capacity cultivation system. Through continuous communication, education, and practice, we promote the transformation of environmental awareness from "knowing" to "doing", laying a solid cultural foundation for the achievement of the Group's overall environmental targets.

- ✓ System enhancement and knowledge sharing: Regularly review internal environmental codes, and share green office practices and environmental information with employees through the issuance of guidelines, internal communications, and online platforms.
- ✓ Awareness internalization and behavioral change: We actively deepen employees' understanding of resource protection, guiding them to transform environmental concepts into energy-saving and consumption-reducing habits in their daily work.

Climate Change

The Group profoundly recognizes that identifying and addressing climate-related risks and opportunities is crucial for achieving corporate sustainable development and fulfilling social responsibilities. To comprehensively enhance the Group's climate resilience and adaptive capacity, management has adopted the "Climate Change Policy" and developed a systematic strategy tailored to the business characteristics and benchmarked against international best practices. The Group has established systematic processes to regularly assess and identify climate-related risks and potential opportunities affecting the business, formally integrating climate factors into the overall corporate risk management system for continuous monitoring, review, and management, while actively grasping new opportunities during the transition process to create a more resilient sustainable future.

In accordance with Part D "Climate-Related Disclosures" of the "ESG Reporting Code" on the Hong Kong Stock Exchange, and with reference to the framework recommendations of the International Sustainability Standards Board (ISSB), the Group has, based on its operational realities, preliminarily identified the following key climate-related risk categories and corresponding management approaches:

Governance

The Group has always taken the concept of sustainable development as its core strategic guide and firmly fulfilled its climate action commitments. We have established a systematic climate change governance structure, continuously improved internal management mechanisms, and set clear, measurable carbon emission management targets. The Board, as the highest decision-making and oversight body for climate-related matters, bears ultimate responsibility for the formulation, implementation, disclosure, and effectiveness of climate strategies. To ensure effective governance, the Board has authorized the ESG Oversight Committee to systematically manage climate issues, regularly listen to management reports, and review the progress of climate targets, risk management status, and related capital allocation plans. For details of the governance structure, please refer to the section headed "Sustainable Development Governance Structure" above.

Looking ahead, the Group will continue to strengthen its climate governance capabilities to ensure strategic focus during the low-carbon transition, enhance operational resilience, and create long-term sustainable value for stakeholders. To further reinforce the Board and management's governance and decision-making capacity on climate-related matters, the Group has planned, during the Reporting Period, to invite third-party professional institutions in the future to conduct climate-related thematic training or special sharing sessions for the Board and senior management, helping decision-makers grasp frontier guidelines in real-time, deepen professional understanding, and enhance their climate-related professional capabilities in strategic planning and risk management. Currently, the Group has not formally incorporated climate-related considerations into the remuneration policies of senior management.

Strategy

The Group has established a normalized mechanism for assessing climate-related risks and opportunities, regularly reviewing their potential impact across overall operations and the value chain. During this year's assessment process, we systematically identified and analyzed the specific impacts that climate-related risks and opportunities may have on the Group's operational model and financial performance in the short, medium, and long term, based on our own business characteristics, mainstream international climate scenario forecasts and external professional opinions.

Pursuant to the relevant relief arrangements of the Stock Exchange (including the reliefs in respect of reasonable information, capabilities, and current and anticipated financial effects), the Group has not yet conducted detailed climate scenario analysis or quantitative financial impact assessment during the Reporting Period. The relevant disclosures are therefore primarily qualitative in nature, and the Group's climate-related transition plan remains under development. The above is mainly attributable to the following reasons: this is the first year in which the Group has systematically reviewed climate-related matters in accordance with the new requirements of the Stock Exchange, and its internal capabilities in climate risk quantitative modelling, as well as its specialized talent pool, are still at an early stage of development. In addition, conducting robust climate scenario analysis requires granular asset-level data and sophisticated external modelling support. It remains practically challenging to obtain such data in full during the Reporting Period without undue cost or effort.

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To safeguard the Group's commercial competitive advantage, certain specific information in relation to identified climate-related opportunities has been withheld in this report in accordance with the exemption for commercially sensitive information under the relevant disclosure framework. The primary reasons are as follows: such opportunities involve green technology applications and low-carbon service models that are currently under internal research or at an early planning stage, and the relevant details have not yet been made public. Given the competitive landscape of the industry, it is reasonably expected that disclosing core information such as specific implementation pathways, technical details or target markets at this stage would provide strategic insights to competitors, thereby undermining the Group's first-mover advantage and potentially causing material adverse effects on the economic benefits expected to be realized in the future. Upon prudent assessment, the Group considers that such risks cannot be effectively mitigated through aggregation or generalization of the relevant information. Save for the specific opportunities not disclosed pursuant to the commercially sensitive information exemption as mentioned above, the Group has provided qualitative descriptions of other non-commercially sensitive opportunity types in the "Climate-related Opportunities" table in this report.

Looking ahead, the Group will continue to invest resources in strengthening its capabilities in relation to climate-related risks and opportunities, and will progressively enhance the specificity and completeness of the relevant disclosures in future reporting, with a view to more comprehensively addressing stakeholders' expectations.

Physical Risks

Under the backdrop of intensifying climate change and frequent extreme weather events such as floods, rainstorms, and typhoons, the physical risks faced by corporate operations are becoming increasingly prominent. Although the Group's special business nature means there are fewer major environmental or climate-related risks causing significant impacts on the Group's business, strategy, and financial performance, we still prudently assess and identify potential major impacts that extreme weather may cause to operations. For example, power rationing measures that may be implemented during extreme high-temperature weather will directly restrict the Group's operating resources and even lead to business interruption in severe cases.

To enhance operational resilience and business continuity, we have developed and implemented corresponding preventive and response measures for the key physical risks arising from the following extreme weather events:

Type of Risk	Effects on Business Model and		Timeframe*	Response Measures
	Value Chain	Potential Financial Effects		
Acute physical risk – Floods, rainstorms, typhoons, and other extreme weather events	<ul style="list-style-type: none"> • Damage to information equipment and facilities • Temporary or long-term business interruption • Data loss or damage • Increased health risks for employees • Decline in office environmental comfort 	<ul style="list-style-type: none"> • Impairment of fixed assets • Significant costs associated with maintaining, repairing or replacing damaged facilities • Increased operating costs • Decreased operating revenue 	Short, medium and long term	<ul style="list-style-type: none"> • Business continuity plans: Activate backup power, air conditioning, computers, and server facilities to ensure the rapid recovery of core systems. • Data protection: Use cloud platform backup systems to perform full daily data backups and conduct regular system snapshots. • Preventive reinforcement: Conduct regular inspections and protection upgrades for key facilities. • Early warnings and flexible work arrangements: Issue timely notifications based on weather forecasts and initiate remote or work-from-home arrangements to reduce commuting risks. • Facility protection: Regularly inspect drainage facilities and adopt waterproofing measures for equipment in low-lying areas. • Emergency drills: Regularly organize evacuation drills and first-aid training to enhance employees' self-rescue and mutual-aid capabilities.

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Type of Risk	Effects on Business Model and Value Chain	Potential Financial Effects	Timeframe*	Response Measures
Chronic physical risk – Rising average temperatures	<ul style="list-style-type: none"> Increased health risks for employees Increased operating costs IT equipment overheating and increased failure rates Increased employee water consumption, installation of additional cooling equipment in office building, or longer operating hours of cooling equipment 	<ul style="list-style-type: none"> Increased operating costs Decreased operating revenue 	Medium and long term	<ul style="list-style-type: none"> Environmental protection: The hardware operation team coordinates with the property management company to strengthen maintenance and inspections of the air-conditioning system to ensure effective cooling performance. Equipment protection: Optimize heat dissipation conditions for server rooms and office equipment, and implement additional temporary cooling measures if necessary. Employee care: Issue high-temperature weather reminders, provide heatstroke prevention supplies, and flexibly adjust field work schedules.
Chronic physical risk – Rising sea level	Rising sea level may inundate offices in coastal areas, causing asset or equipment loss and affecting normal business operations.	<ul style="list-style-type: none"> Impairment of fixed assets Decreased operating revenue Increased operating costs 	Medium and long term	Comprehensively consider the site selection of data centers and offices in coastal areas based on historical sea level rise data, and reasonably predict potential risks.

Taking into account the Group’s core business planning, the timeframe of society’s low-carbon development targets, as well as relevant climate-related disclosure standards and management recommendations, the Group has defined the following timeframes: within two years after the end of the Reporting Period, including two years (short term); between two and five years after the end of the Reporting Period, including five years (medium term); and more than five years after the end of the Reporting Period (long term). These timeframes are used to reasonably assess the potential impacts of climate change on the Group’s business development across different periods.

Through coordinating and integrating resources across the Group, the ESG Committee systematically implements climate-related response measures, effectively manages the potential impacts and opportunities arising from such risks, and continuously promotes the establishment and refinement of a systematic forward-looking climate risk management mechanism. During the Reporting Period, in order to systematically establish a forward-looking climate risk management mechanism, the Group has completed the following key initiatives: formally incorporating climate risks into the Group’s overall risk management framework to enhance governance integration; organizing climate-related training sessions for the Board and senior management to strengthen oversight at the decision-making level; and, in terms of data infrastructure, completing the inventory of Scope 1 and Scope 2 GHG emissions, thereby establishing a data baseline for future quantitative assessments. Looking ahead, the Group will build on this foundation by continuously improving its forward-looking climate risk management mechanism through ongoing risk identification, quantitative assessment and dynamic response strategies, with a view to proactively managing the potential impacts of climate-related issues on its business operations, financial performance and long-term value creation. For details of climate-related training, please refer to the subsection headed “Sustainable Development Governance Structure” above.

Going forward, through ongoing risk identification, quantitative assessment and dynamic response measures, the Group will continue to enhance its forward-looking climate risk management mechanism, with a view to proactively managing the potential impacts of climate-related issues on its business operations, financial performance and long-term value creation.

Transition Risks

As China and the international community continue to introduce more refined and stringent environmental and climate policies, regulations governing resource use are becoming increasingly rigorous. Sustainable development has become a global strategic priority and a key trend guiding the long-term development of various industries. As a mobile game developer, publisher, and operator, a stable power supply is critical to the Group's business continuity.

To systematically address the transition risks and compliance challenges brought by climate change, we have formulated and implemented corresponding preventive and response measures for the following key climate-related transition risks:

Type of Risk	Effects on Business and Value Chain	Potential Financial Effects	Timeframe*	Response Measures
Policy and Legal Risk – Information disclosure	As climate-related information disclosure requirements become increasingly stringent, failure to establish robust information disclosure capabilities and related data statistics and management systems in a timely manner may lead to compliance disclosure risks, weaken the trust of investors and stakeholders in the Group, and cause substantive adverse impacts on its corporate reputation and long-term value.	Increased compliance costs	Short, medium and long term	<ul style="list-style-type: none"> Continue to strengthen attention to climate change issues, continuously monitor updates to relevant environmental regulations, and engage qualified consultants or legal advisors to ensure that the Group's business activities comply with requirements and to provide professional advice and implementation pathways for reducing environmental impacts arising from daily operations. Continuously track and interpret updates to climate-related information disclosure standards, progressively establish and enhance data management systems, assess the effectiveness of the Group's climate actions from time to time, constantly strengthen the capability to identify and respond to climate-related risks and steadily improve climate-related disclosures, thereby avoiding reputational risks arising from delayed responses.
Technology Risk – Development and application of emerging low-carbon technologies	As the global low-carbon transition accelerates, societal standards for environmental technologies and solutions continue to rise. Failure to identify and integrate relevant innovative technologies in a timely manner may lead to decreased competitiveness of products and services, potentially affecting market share and revenue performance, and placing the enterprise at a disadvantage in industry competition.	Decreased operating revenue	Short, medium and long term	<ul style="list-style-type: none"> The Group is proactively refining its green development strategy, with technology excellence, regionalized operations and ecosystem-oriented distribution forming its strategic pillars. Through a closed loop of player feedback, the Group establishes an agile "R&D – Iteration" pathway. Adhere to a "technology + business" dual-driven approach, prioritizing customer needs in the development of new technologies while continuously monitoring market trends and optimizing its technologies and products accordingly.

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Type of Risk	Effects on Business and Value Chain	Potential Financial Effects	Timeframe*	Response Measures
Market risk – Energy price fluctuations	Climate change may lead to energy price fluctuations. The global energy transition could alter the electricity supply structure, and enterprises that fail to shift to low-carbon energy mixes may be affected by international energy price volatility, resulting in increased operating costs.	Increased operating costs	Short, medium and long term	Actively seek alternative energy sources and adopt diversified low-carbon energy mixes to reasonably reduce operating costs.
Market risk – Market preferences	As public awareness of green consumption rises, customers increasingly prefer environmentally friendly, low-carbon service providers. Shifts in market preference may affect the promotion of core business offerings. Enterprises that fail to meet the market's low-carbon expectations may experience declines in revenue and market share.	Decreased operating revenue	Short, medium and long term	Uphold a “customer-first” approach by regularly considering customer preferences and promptly adjusting to meet low-carbon market demands; establish efficient communication and feedback mechanisms to understand customer business requirements; actively promote green environment initiatives and strengthen employees' awareness of environmental protection, thereby enhancing the enterprise's overall image of environmental protection.
Reputational Risk – Shift in investment concepts	As global investors increasingly focus on climate-related issues, delayed responses or a lack of information transparency may damage corporate reputation, weaken investor confidence, and affect business revenue, institutional ratings, and public credibility.	Decreased financing channels	Short, medium and long term	Establish an effective risk assessment system and model to regularly evaluate the impact of climate-related issues on our reputation; improve the information disclosure mechanism to enhance transparency and actively respond to concerns of stakeholders, including investors and customers, regarding the Xuanwuyun climate issues; strengthen monitoring of climate-related public sentiment, timely response to stakeholders' concerns on climate issues and react swiftly.
Technology Risk – Development and application of emerging low-carbon technologies	As societal standards for low-carbon and environmentally friendly technologies and solutions continue to rise, enterprises that fail to promptly identify and adopt relevant technologies may face greater exposure to climate-related risks, with their products and services potentially lagging behind industry competitors, affecting overall revenue and increasing competitive pressure.	Decreased operating revenue	Short, medium and long term	We are proactively adjusting our green development strategy and adhere to a “technology + business” dual-driven approach, prioritizing customer needs in the development of new technologies while continuously monitoring market trends and optimizing our technologies and products accordingly.

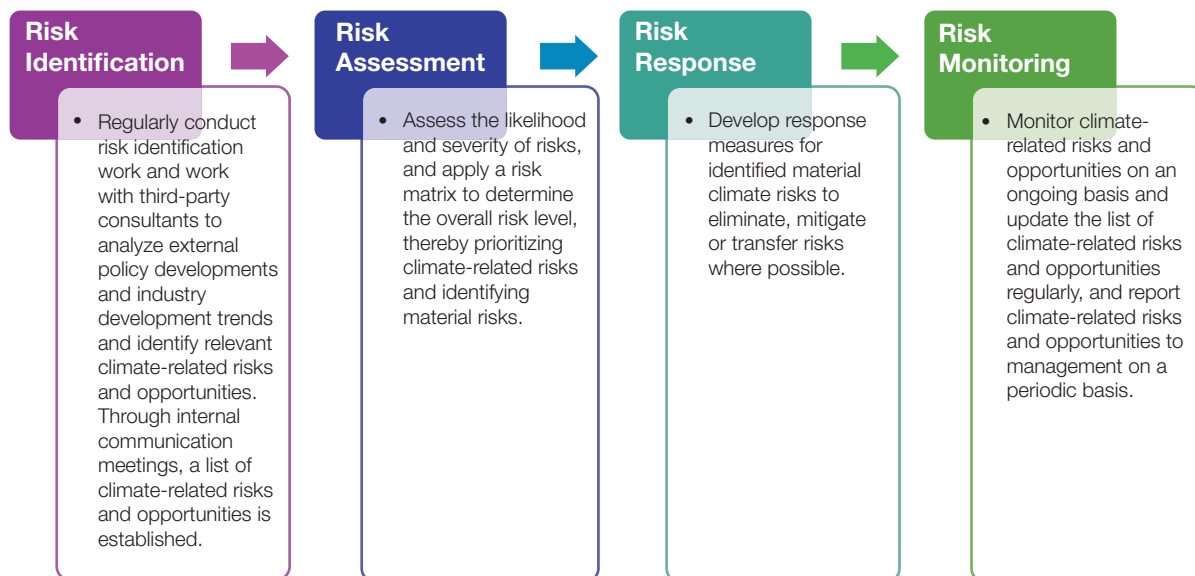
Climate-related Opportunities

While actively managing climate-related risks, the Group also systematically identifies and grasps strategic opportunities arising from the climate transition. We recognize that the shift to a low-carbon economy is accelerating market demand, technological innovation, and policy support toward green initiatives, creating new growth pathways and opportunities for value creation.

Type of Opportunity	Effects on Business Model and Value Chain	Potential Financial Effects	Timeframe	Response Measures
Resource efficiency – Use of clean technology/energy	Using renewable energy and promoting energy-saving and emission-reduction measures can provide enterprises with more low-cost options, reducing operating costs and carbon emissions.	Decreased operating costs	Short, medium and long term	Prioritize the procurement of green energy and increase the proportion of clean energy use.
Products and services – Providing green and low-carbon products and services	Provide customers with products and services that meet their green and low-carbon preferences, actively achieve carbon neutrality in the value chain and increase market share.	Increased operating revenue	Medium and long term	Rationally allocate resources to build low-carbon products and services, strengthen green and low-carbon product R&D to meet the ever-changing demands of consumers, thereby potentially increasing the revenue of the Group.
Markets – Sustainable financing	With the continuous improvement of sustainable financing policies, the Group's achievements in low-carbon and energy-saving initiatives can unlock more diversified financing channels.	Increased financing channels	Short, medium and long term	Identify and respond to government-supported projects and green projects.

Risk Management

The Group has fully integrated climate-related risks and opportunities into its corporate risk management system. Through the establishment of regular monitoring and assessment mechanisms, it aims to continuously enhance climate resilience and promote the deep integration of climate governance with business development. Based on our business nature, analysis of industry trends and external professional advice, we systematically identify the potential impacts of various climate-related risks and the corresponding transition opportunities. By consolidating feedback from different departments, the Group conducts a comprehensive assessment of the likelihood of occurrence and the potential financial and operational impacts of these risks and opportunities. On this basis, priorities are determined and corresponding risk response measures and opportunity management strategies are formulated. The Group promotes the effective implementation of its risk management policies through the coordinated efforts of the Board, the Audit Committee, and various functional departments. Operational departments such as development, quality control, sales, and marketing jointly participate in risk oversight at the Group level. Through cross-departmental collaboration, potential risks spanning multiple functions are systematically identified and mitigated. For further details on the Group’s risk management, please refer to the section headed “Risk Management” in the annual report.



In this year, no material climate-related risks were identified, and the risk management processes remained unchanged in response to any new climate risks.

Metrics and Targets

As the Group's business primarily focuses on the development and operation of mobile games, its asset structure is characterized as an asset-light model (principally comprising office equipment and leased properties). At present, the Group has not identified any material assets or business activities that are reasonably expected to be susceptible to climate-related risks and to have a material impact on its current and anticipated financial position. Meanwhile, no material assets or business activities associated with climate-related opportunities have been identified. During the Reporting Period, the Group had no capital expenditures, financing, or investment amounts related to climate-related risks and opportunities, and did not apply carbon pricing in decision-making. In addition, given the extended data chain and the difficulty of collecting Scope 3 GHG emissions data, the Group has, in this year, opted not to disclose such data in accordance with the relevant disclosure relief policies. Going forward, the Group will continue to improve its supply chain and value chain data collection mechanisms, enhance data accessibility and accounting accuracy, and strive to achieve systematic accounting and more detailed disclosure of Scope 3 emissions once conditions allow. For other cross-industry metrics, we decided to adopt the reasonable information relief and temporarily do not disclose the amount and percentage of assets or business activities vulnerable to climate-related risks (including physical risks and transition risks) and opportunities. Going forward, the Group will continue to monitor developments in climate-related risks and opportunities, and will update the relevant disclosures in a timely manner should there be any material changes in circumstances.

To further promote the Group's green, low-carbon and sustainable development, the Group has preliminarily established greenhouse gas emission reduction targets: using 2025 as the baseline, we strive to control the intensity of Scope 1 and Scope 2 GHG emissions for the year ending 31 December 2026 ("2026") at no higher than the baseline year level, which is no more than 0.66 tCO₂e/full-time employee. At the same time, we aim to peak the absolute Scope 1 and Scope 2 GHG emissions by 2030. In the long term, we are committed to responding to the national strategic goal of "carbon neutrality by 2060" and strive to achieve carbon neutrality by that year. We will review and examine the emission performance of Scope 1 and Scope 2 annually, and assess the appropriateness of the target setting to ensure it remains consistent with business development and the carbon reduction pathway.

In addition, we have also set an energy consumption target, planning to control the total energy consumption intensity for the year of 2026 at no higher than the 2025 level, which is no more than 1.53 MWh/full-time employee. In terms of water resources management, we plan to achieve the target that the annual total water consumption intensity for the year ending 31 December 2026 will not exceed the 2025 intensity, which is 4.82 thousand liters/full-time employee.

B. SOCIAL

B1. Employment

The Group has always adhered to a people-oriented philosophy, viewing talent as the core carrier and continuous driving force for technology and innovation. We are committed to creating a diverse, equal and inclusive employment environment for employees, establishing scientific talent cultivation and long-term incentive mechanisms, and effectively safeguarding employees' lawful rights and occupational health and safety. We respect and encourage employees' individual development and innovative practices, supporting each member to continuously grow professionally and realize their personal value, ultimately joining hands to co-create the future and share the achievements of development.

The Group strictly complies with local employment and remuneration laws and regulations, which cover recruitment, promotion, working hours, leave systems, equal opportunities, diversity and inclusion, anti-discrimination policies and various welfare guarantees. We abide by regulations including the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", the "Social Insurance Law of the People's Republic of China", the "Law of the People's Republic of China on the Protection of Women's Rights and Interests" and the "Labor Union Law of the People's Republic of China", which are in force in Chinese Mainland; as well as the "Employment Ordinance", the "Employees' Compensation Ordinance", the "Mandatory Provident Fund Schemes Ordinance", the "Sex Discrimination Ordinance", the "Disability Discrimination Ordinance", the "Family Status Discrimination Ordinance" and the "Race Discrimination Ordinance", which are in force in the Hong Kong Special Administrative Region, to ensure employment practices are compliant, fair and transparent. The Group has established and implemented guidelines including the "Manual for the Management of Employee Working Hours and Leaves", "Manual for Comprehensive Performance Evaluation", "Manual for the Management of Employee Entry and Exit, Employment Confirmation and Personnel Changes" and "Manual for Remuneration and Benefits", covering all stages of the employment lifecycle from entry to exit. Centered on safeguarding employees' legal rights, while taking into account operational efficiency and internal fairness, these manuals provide robust institutional support for career development, compensation incentives, leave entitlements, and other employee-related matters through standardized process design and clear delineation of responsibilities.

During the Reporting Period, the Group had no material incidents involving the violation of local laws and regulations related to employment (2024: Nil).

As at 31 December 2025, the Group had a total of 591 employees (2024: 491 employees) with the following breakdowns:

Indicator	2025		2024	
	Individuals	Percentages	Individuals	Percentages
By Gender				
Male	458	77.50%	382	77.80%
Female	133	22.50%	109	22.20%
By Age Group				
<30	311	52.62%	300	61.10%
30-50	280	47.38%	191	38.90%
>50	0	0.00%	—	—
By Geographical Region				
Chinese Mainland (Shenzhen)	387	65.48%	314	63.95%
Chinese Mainland (Chengdu)	199	33.67%	172	35.03%
Hong Kong	5	0.85%	5	1.02%
By Employment Type				
Full-time	579	97.97%	484	98.57%
Part-time	12	2.03%	7	35.03%

Recruitment, Promotion, Remuneration and Termination

Guided by a “talent-first” philosophy, the Group considers its employees to be its paramount asset. To promote the stable development of the management team and continuously strengthen organizational culture, the Group actively builds an industry-competitive compensation system, a systematic training mechanism and clear career development paths, fostering a diverse, equitable and inclusive work environment to attract, retain and motivate key talents, thereby continuously empowering the Group’s long-term strategic execution and innovative capabilities.

The Group firmly prohibits any form of child labor or forced labor, strictly complying with the relevant International Labour Organization (ILO) conventions and the laws and regulations of the countries and regions in which it operates. The Group actively establishes and continuously improves systematic institutional safeguards and enforcement mechanisms to ensure that related risks are effectively identified and mitigated. The Group adheres to the principle of “meritocracy”. In accordance with the mechanism and evaluation standards set out in the “Comprehensive Manual for Employee Evaluation and Management”, the Group systematically integrates multi-dimensional factors such as educational background or professional training, relevant work experience, personal motivation and personality, job vacancies, and business development needs to conduct talent recruitment and internal promotion. Meanwhile, pursuant to the “Manual for the Management of Employee Ranking, Compensation and Benefits”, through the employee performance appraisal procedure, we comprehensively evaluate their seniority, work performance, achievement results, and market salary levels, using this as a basis to prudently determine basic salary, performance bonuses, and career promotion paths. To broaden talent acquisition channels and leverage internal talent resources, the Group has established an internal employee referral mechanism, encouraging current employees to recommend outstanding candidates who meet the requirements of open positions. Employees whose referrals are successfully hired through the recruitment process will be awarded a referral bonus in accordance with relevant regulations as recognition and incentive.

In terms of talent recruitment and hiring, the human resources department systematically operates around the following three core stages:

- Position requirement alignment and recruitment initiation: Based on the actual staffing needs of business units and aligned with the Company’s overall development strategy, recruitment information is published in a timely manner.
- Candidate qualification review and screening: Submitted resumes are initially screened, and applicants’ identity information and relevant documents are rigorously verified to ensure compliance with basic hiring requirements, including legal working age.
- Interview coordination and onboarding: Assisting hiring departments and relevant personnel in conducting interviews, and upon confirmation of the hiring decision, the human resources department coordinates the subsequent onboarding procedures.

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The Group signs standard employment contracts with all employees and strictly complies with applicable laws, regulations and employment ordinance guidelines. Matters such as working hours, leave arrangements, and termination procedures are executed in accordance with internal policies. Regarding employee rights and benefits, the Group contributes to locally mandated social insurance plans, including pension, medical, unemployment insurance, and housing provident fund, in accordance with prescribed ratios based on employees' salaries, bonuses, and specific allowances, without exceeding local statutory limits. In cases of employment termination, the Group strictly follows established procedures and provides reasonable compensation to terminated employees in accordance with the laws. In addition, to enhance employees' sense of belonging and well-being, the Group also provides cash gifts to employees on significant personal occasions, such as birthdays, weddings, and childbirth. Specific terms, contribution ratios, procedures, and detailed regulations are clearly set out in individual employment contracts and in the Group's internal manuals, including the "Manual for the Management of Employee Working Hours and Leaves", "Manual for the Management of Employee Ranking, Compensation and Benefits", "Manual for the Management of Employee Entry and Exit, Employment Confirmation and Personnel Changes".

During the Reporting Period, the Group had an employee turnover rate³ of 23.35% (2024: 26.88%) with the following breakdowns:

Employee Turnover Rate by Category⁴	2025	2024
By Gender		
Male	22.27%	26.96%
Female	27.07%	26.61%
By Age Group		
<30	33.76%	30.67%
30-50	11.79%	20.94%
>50	–	–
By Geographical Region		
Chinese Mainland (Shenzhen)	24.55%	33.76%
Chinese Mainland (Chengdu)	21.61%	13.95%
Hong Kong	0.00%	40.00%

³ The overall employee turnover rate is calculated by dividing the number of employees left during the year by the number of employees at the end of that year.

⁴ The employee turnover rate of each category is calculated by dividing the number of employees left in the specific category during the year by the number of employees in that category at the end of that year.

Equal Opportunity, Diversity and Anti-discrimination

The Group has always adhered to a people-oriented principle, firmly believing that a diverse, equal, and inclusive workplace environment is the cornerstone driving innovation and growth. We fully comply with the “Labor Contract Law” and other relevant regulations, signing standard employment contracts with all employees and contributing to social insurance and the housing provident fund in accordance with the law, ensuring that their statutory rights are fully protected. To ensure that all employees receive equal opportunities and fair treatment, and feel respected, supported, and inspired during work, the Group strictly prohibits discrimination based on age, races, colors, genders, nationalities, physical conditions, religions, or any other factor across all aspects of recruitment, compensation, training, promotion and daily management.

To ensure that all employees enjoy a fair, equal and respectful working environment, the Group has formulated and implemented the “Code of Professional Conduct” which defines expected standards of employee behavior during work, fosters a healthy and orderly workplace atmosphere, and promotes active teamwork. The code explicitly prohibits all forms of harassment, whether physical or verbal, whether perpetrated by superiors or subordinates, and regardless of whether the individual is a Group employee.

Prohibited behaviors include, but are not limited to:

- Offensive teasing or mocking;
- Verbal abuse with insulting, degrading, or threatening content;
- Discriminatory language based on race, ethnicity, gender, etc.;
- Displaying sexually suggestive or explicit items, images, or written materials in the workplace.

The Group maintains a “zero tolerance” principle for any form of workplace harassment or bullying. Employees who observe any suspected discrimination or harassment in the workplace may immediately report it to their supervisors or the Internal Control Department (email: rpt@galasports.com). Upon receiving a report, the Group will promptly initiate a rigorous and careful handling process, strictly adhering to laws and regulations and internal investigation procedures, while ensuring appropriate confidentiality for the complainant. The Group places high importance on the value and contributions of female employees. If the investigation confirms the allegation, corrective measures will be taken according to the severity of the case, which may include internal disciplinary actions such as warnings, reassignment, salary reduction or demotion, and termination.

The Group places great emphasis on the value and contribution of female employees, upholding respect for women’s rights and institutional protections. During the Reporting Period, the Board appointed an additional female independent non-executive Director, leveraging her professional expertise and female perspective to enhance corporate governance and promote inclusive decision-making. This demonstrates the Group’s ongoing support for female career development, with senior-level participation providing solid backing and broad platforms for protecting women’s rights and fostering professional growth.

Communication Channels

The Group believes that robust two-way communication mechanisms not only form a fundamental basis for safeguarding employee rights and enhancing a sense of belonging, but also effectively harness team intelligence and drive responsible innovation, supporting the Group's overall sustainability objectives. Open, transparent, and inclusive internal and external communication is regarded as a core pillar for practicing sound governance and fostering a sustainable workplace. To improve operational efficiency and risk management capabilities while ensuring employee welfare and social responsibility alongside economic performance to achieve sustainable development, the Group is committed to creating a safe, accessible, and diversity-respecting communication environment. An institutionalized communication framework has been established through multiple channels, including employee feedback forms, suggestion boxes, dedicated surveys, and regular management communications, to solicit employees' opinions and suggestions on a wide scale.

To strengthen team cohesion and enhance employee engagement and organizational belonging, the Group continuously organizes diverse team activities aimed at fostering a warm, collaborative, and positive organization culture. During the Reporting Period, the Group successfully hosted the "3rd Gala Cup Badminton Tournament" and the "8th Gala Cup Basketball Championship", and carried out a wide variety of employee activities, including city walks, seaside night runs, the 12th Anniversary Carnival, festival celebrations, employee birthday parties, and team meals. These activities integrate online and offline experiences across sports venues and office spaces, providing multi-level and wide-ranging platforms for cross-departmental employee interaction.



3rd Gala Cup Badminton Tournament

During the Group's 12th Anniversary Carnival, a special themed competition, the "G Super League (G超聯賽)", was planned and launched. The Shenzhen-Chengdu final match was officially kicked off by Croatian football legend Davor Šuker, and the awards were presented on-site by Argentine national team veteran captain Javier Zanetti, creating a lively and celebratory atmosphere. This event not only fostered sportsmanship and interaction within workplace but also integrated professional sportsmanship with corporate culture through close engagement with world-class players. The values of "loyalty and perseverance" demonstrated throughout the players' professional careers closely align with and resonate with the Group's corporate spirit cultivated over the past twelve years, effectively motivating team morale and further enhancing employees' sense of collective pride and organizational cohesion. During the event, the Group also presented employee service anniversary awards and introduced the "10-Year Veteran Service Award" for the first time, sincerely recognizing the dedication and long-term contribution of all employees. To expand participation and reach, the event was live-streamed for colleagues unable to attend in person to witness this sports celebration, with multiple rounds of virtual lucky draws allowing remote employees to experience the excitement of the event. In addition, the Shenzhen and Chengdu offices hosted simultaneous food and game parties, ensuring that employees across all locations could fully participate and share in the celebration, truly achieving the goal of full engagement and immersive inclusion.



12th Anniversary Carnival "G Super League"

In the future, the Group will continue to innovate the forms of employee activities and enhance employee incentive mechanisms, further strengthening the emotional bond between employees and the organization, and promoting deeper and more substantive team collaboration and corporate culture identification.

B2. Health and Safety

The Group insists on treating occupational health and safety as a core responsibility of corporate operations, and is committed to creating a safe, standardized, positive, and healthy working environment and atmosphere for all employees, and the Group's various business operations do not involve high-risk operational activities. The Group strictly complies with the relevant laws, regulations, and institutional rules regarding workplace safety guarantees and occupational hazard prevention in the locations where it operates, abiding by regulations such as the "Safety Production Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases", and the "Fire Control Law of the People's Republic of China". To ensure that the internal working environment fully complies with the strict standards of occupational health and safety management, and to establish a safe, healthy and comfortable working environment for all employees, the Group has formulated and implemented the "Health and Safety Policy" in accordance with regulatory requirements and industry-prevailing standards, establishing a standardized and normalized occupational health and safety management framework. This policy clearly specifies various safety management details and operational guidelines, covering multiple management dimensions such as office area cleaning and maintenance, and the safe operation of working equipment, achieving comprehensive coverage of occupational health and safety management.

In the field of occupational health and safety management, the Group strictly implements safety management responsibilities and has established a normalized fire safety management mechanism, providing a dual guarantee of safety and compliance in the office environment from both institutional and execution levels, and strengthening the protection of employees' occupational health and safety. We regularly organize specialized fire safety training for all staff annually, covering core contents such as emergency evacuation procedures, practical escape drills, and the standard use of fire-extinguishing equipment. In addition, we conduct systematic verification and risk assessment of the fire protection facilities and safety conditions of each office site on a monthly basis to comprehensively eliminate fire hazards.

The Group continuously optimizes the setup of the employees' working environment. The Shenzhen office features a 360-degree panoramic sea view, and the Chengdu office area is designed with an exclusive open-air balcony, creating a comfortable working scene with high-quality office space to help employees enhance their work efficiency and achieve career growth. At the same time, the Group attaches great importance to the physical and mental health of employees. To encourage employees to strengthen their physical fitness, we have specially set up an employee sports fund to support employees in spontaneously forming various sports interest groups. As long as the number of regular members in a sports group reaches the required threshold, they can apply for monthly activity funding according to the regulations, and be reimbursed upon submission of relevant valid invoices for venue rentals, sports equipment purchases, etc..

During the Reporting Period, in order to continuously promote health awareness among employees and advocate scientific fitness concepts, we successfully held the "2nd GALA Group-wide Fat Burning Competition (第二屆 GALA全民燃脂挑戰賽)". Through initiatives such as dedicated cash incentives and the sharing of scientific fat-loss experiences, the event actively encouraged employees to systematically master healthy fat-loss methods and gradually develop good habits of balanced exercise and a rational diet, thereby effectively improving overall health levels and helping employees stay away from sub-health conditions.



2nd GALA Group-wide Fat Burning Competition

During the Reporting Period, the Group had no working day lost due to work-related injuries (2024: Nil), and there were no work-related fatalities during the past three years including the Reporting Period.

B3. Development and Training

As a talent-driven enterprise, the Group considers talent as the core driving force to achieve sustainable growth. The Group has constructed a multi-dimensional, full-coverage training system for employees, systematically conducting onboarding navigation training, business capability refinement training, and normalizing thematic training on compliance management and anti-corruption, comprehensively matching the capability cultivation needs of employees throughout their career lifecycle, and supporting employees' professional capability enhancement and career development.

To assist new employees in systematically mastering the Group's overview and position requirements, quickly achieving role transition, becoming competent in their positions, and deeply integrating into the organizational culture, the human resources department, in accordance with the monthly onboarding plan, comprehensively organizes and implements specialized training on corporate culture and employee systems. At the same time, the heads of each business department, based on the "GALASPORTS Pre-job Training Guideline Sheet for New Hires", assign dedicated mentors for probationary employees to conduct one-on-one targeted guidance and staged evaluations. In addition, the Group regularly organizes thematic sharing sessions on the mobile game business, conducting in-depth exchanges on professional topics such as game R&D technology and industry frontier trends, aiming to continuously enhance employees' professional qualities and business capabilities, and promote cross-departmental collaboration and knowledge sharing.

The Group advocates a corporate culture of open communication, encouraging employees to take the initiative to conduct regular communication and thematic exchanges with their direct management personnel or the human resources department on topics such as personal career development paths, promotion opportunities, and long-term career planning, achieving two-way empowerment and synchronous progress in personal growth and corporate organizational development. The Group conducts systematic assessments of employees' annual comprehensive work performance every year and, based on the assessment results and the requirements of their respective roles and responsibilities, provides corresponding promotion opportunities and professional development training resources for employees. Meanwhile, the Group actively encourages all employees to participate in various professional training programs, continuously learn and improve their professional skills, and enhance their personal business capabilities and overall competencies, supporting their long-term career development.

During the Reporting Period, the percentage of employees trained⁵ within the Group was approximately 32.89% (2024: 39.51%) and the average training hours completed per employee⁶ was approximately 1.07 hours (2024: 1.19 hours). During the Reporting Period, the total training hours increased compared to last year, mainly due to the Group strengthening targeted training for intermediate management and newly recruited employees.

The breakdown of the employees trained by gender and employee category and their average training hours are as follows:

Indicator	Percentage of employees trained ⁷		Average training hours ⁸	
	2025	2024	2025	2024
By Gender				
Male	41.21%	39.79%	1.03	1.19
Female	48.89%	38.53%	1.22	1.16
By Employee Category				
Senior staff	19.57%	10.00%	0.29	0.30
Intermediate staff	42.42%	32.27%	1.06	0.97
Junior staff	64.81%	80.41%	1.79	2.41

⁵ The overall percentage of employees trained was calculated by dividing the total number of employees trained during the year by the total number of employees at the end of that year.

⁶ The average training hours completed per employee were calculated by dividing the total training hours during the year by the total number of employees at the end of that year.

⁷ The percentage of employees trained by category was calculated by dividing the number of employees trained in the specified category during the year by the number of employees in that category at the end of that year.

⁸ The average training hours of employees by category were calculated by dividing the total training hours of employees in the specified category during the year by the number of employees in that category at the end of that year.

B4. Labor Standards

The Group is committed to building an open and inclusive working atmosphere and corporate culture, practically safeguarding the legitimate rights and interests of every employee, and striving to become an employer highly trusted by employees. The Group strictly complies with laws and regulations prohibiting child labor and forced labor, including the “Labor Law of the People’s Republic of China”, the “Labor Contract Law of the People’s Republic of China”, the “Law of the People’s Republic of China on the Protection of Minors”, and the “Regulations on the Prohibition of Child Labor”. To standardize human resources management work, the Group has formulated the “Manual for the Management of Employee Entry and Exit, Employment Confirmation and Personnel Changes”, with the human resources department acting as the primary responsible unit for continuously monitoring updates to laws and regulations in the labor field, so as to ensure that all personnel practices comply with legal requirements and that human resources management operates in a compliant manner.

The Group firmly believes that the values of diversity, equality, and inclusion are important drives of corporate development. The Group does not tolerate discrimination or harassment based on gender, race, color, religious beliefs, nationality, ethnicity, age, disability, sexual orientation, gender identity, and other personal characteristics protected by law, nor does it allow any related inappropriate remarks and jokes. The Group resolutely prohibits the employment of child labor and the practice of forced labor. Should any related violations be identified, the Group will immediately seek legal advice and take corrective measures. At the same time, the Group explicitly stipulates in the “Manual for the Management of Employee Entry and Exit, Employment Confirmation and Personnel Changes” that the information submitted by employees upon entry must be true and valid. If any false information is discovered, the Company has the right to refuse to enter into a labor contract or to immediately terminate the labor relationship.

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Due to the nature of the game business and the strategic layout of the Group's overseas markets, relevant business departments may occasionally require overtime work. To practically safeguard employees' legitimate rights and interests, the Group encourages employees to consult with their supervisors to arrange overtime schedules and, in accordance with the relevant provisions of the "Manual for the Management of Employee Working Hours and Leaves" and the "Manual for the Management of Employee Ranking, Compensation and Benefits", employees who reach a certain number of overtime hours are provided with meal subsidies, transportation subsidies, or compensatory leave.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to the prevention of child labor and forced labor, nor were there any incidents of discrimination involving race, religion, age, disability, etc. (2024: Nil).

B5. Supply Chain Management

Relying on years of deep cultivation and layout in the sports game market and continuous R&D in high-quality products, the Group's products have accumulated more than 100 million downloads worldwide. The Group maintains leading positions both domestically and internationally in areas such as 3D stadium reconstruction, human motion simulation, ball sports competitive AI, facial expression and muscle physis simulation, ultra-realistic digital humans and large-scene real-time rendering. As a leading technology-driven mobile sports gaming enterprise in China, the Group recognizes the importance of its brand influence and social responsibility. In order to continuously improve the customer acquisition efficiency of its gaming business and promote refined operations, the Group has established deep cooperation with numerous business partners and suppliers that meet industry standards and quality specifications, covering third-party distribution platforms, publishers, advertising and marketing service providers, server providers, and IP licensors. At the same time, the Group has developed the "Supplier Code of Conduct" with reference to prevailing international standards to provide clear behavioral guidelines for all partners and suppliers. The code systematically standardizes full-process management requirements such as supplier admission review, cooperation selection, and performance evaluation, urging all parties to strictly comply with relevant terms, continuously optimize sustainable development practices, improve cooperation efficiency, and join hands with the Group to create long-term value for the broader social community.

During the Reporting Period, the Group has a total of 226 suppliers (2024: 95 suppliers). The total number of suppliers increased compared with the previous year, primarily due to the Group's intensified investments in various domestic and overseas projects during the Reporting Period, which correspondingly increased the demand for suppliers. The number of suppliers by geographical region is as follows:

By Geographical Region	Unit	2025	2024
Chinese Mainland	Suppliers	168	58
Overseas	Suppliers	58	37
Total Number of Suppliers	Suppliers	226	95

Manage Value Chain

The Group's responsible supply chain is the cornerstone of the Group's sustainable development, constantly integrating sustainable development factors comprehensively into the business activity system, collaborating with suppliers to promote the widespread implementation of environmental protection practices, and jointly building a more resilient and responsible value chain ecosystem. Using the "Supplier Code of Conduct" as a core framework, the Group explicitly requires suppliers to meet high standards consistent with the Group in environmental protection, committing to jointly reducing the environmental impact of the entire value chain. To achieve this goal, the Group has actively taken the following specific actions:

- ✓ Set clear standards and expectations: Clearly outline our requirements for environmental management, resource efficiency, pollution prevention and control, and compliant operations in the "Supplier Code of Conduct", serving as the basic criteria for cooperation.
- ✓ Enhance awareness and capability: Through communication, training, or best-practice sharing, enhance suppliers' understanding of and attention to environmental issues and advanced environmental protection practices, supporting them in improving their environmental management capabilities.
- ✓ Establish due diligence and collaboration mechanisms: Incorporate environmental performance considerations into the supplier selection and evaluation process, and conduct necessary due diligence on key suppliers. We prefer to establish long-term relationships with partners who actively manage their environmental impact and are willing to improve together with us.

Procurement Mechanism

As a game enterprise, the procurement process serves not only as an important hub connecting internal R&D and external resources, but also as a crucial starting point for the Group to implement creative value and corporate responsibility. Whether it is technology licenses, art resources, music and sound effects, or cloud services, development tools and other procurement contents, each procurement decision directly affects product innovation quality, resource use efficiency, and produces a long-term impact on the digital ecosystem and the physical environment. The Group places substantial emphasis on the integrity and fulfillment capabilities of its suppliers and partners, giving priority to forging cooperative relationships with those partners who have good business track records, free from any serious regulatory violation and devoid of any conduct transgressing business ethics, ensuring a robust and reliable supply chain and maintaining the Group's commercial credibility and the foundation of sustainable development. The Group is committed to promoting the transparency and coordinated development of the industrial chain, formulating systems such as the "Procurement Management Standards" and the "Supplier Code of Conduct", and adhering to the principles of fairness, impartiality, and openness. It comprehensively considers multiple factors such as service quality, price, delivery timeliness, procurement risks, and procurement benefits to select qualified suppliers, striving to effectively fulfill corporate responsibilities to society and the environment while creating an excellent gaming experience for global players.

During the Reporting Period, as the Group is in the process of a comprehensive upgrade and integration of its digital procurement management system, the classification labels and statistical standards for suppliers across different regions and business lines (including R&D, marketing, and IT infrastructure) are still being standardized and historical data cleaned. As a result, the total number of engaged suppliers and the number of suppliers adhering to relevant practices could not be accurately disclosed in the Report for this year. The Group is actively advancing the settlement and labeling functions of the unified procurement system and expects to establish a complete supplier data repository in the next reporting period, thereby fully restoring the disclosure of related quantitative data.

Responsible Operations

The Group is deeply aware that the indirect environmental impact generated by value chain operations and investment activities is crucial to the overall environmental performance of the enterprise. As such, we fully integrate sustainable development concepts into business decisions and actively fulfill our corporate responsibility to address climate change. During the supplier selection process, the Group strictly follows the standards, principles, and management practices established in the “Supplier Code of Conduct” and the “Environmental Policy”, prioritizing the selection of products and services that meet green environmental protection requirements. To systematically identify and manage potential environmental and social risks in the supply chain, ensuring suppliers comply with relevant trade laws, environmental and social regulations, and other applicable standards. Before establishing cooperative relationships with potential suppliers, the Group will conduct comprehensive environmental and social risk assessments of their operations and business models, and focus on examining their institutional construction, practical performance, and compliance records in terms of environmental protection, social responsibility, corporate governance, and business ethics. For the core procurement categories related to game development and operations, the Group has established clear selection criteria for environmentally friendly products and services. In the procurement of IT and electronic equipment, for frequently purchased hardware such as development office computers, game testing terminals, and monitors, the Group gives priority to products that meet international or national energy-saving and environmental standards. For example, green IT equipment with “Energy Star”, TCO certification, China Energy Label, or compliance with the RoHS Directive is preferentially selected to reduce operational energy consumption and e-waste pollution. For cloud services and data centers, given the substantial computing power required for high-speed game operation and processing large volumes of player data, the Group places strong emphasis on energy management performance when evaluating suppliers. Priority is given to green cloud service providers with high energy efficiency, a commitment to using a high proportion of renewable energy, or a publicly disclosed carbon neutrality roadmap.

In addition, the Group is committed to achieving balanced development of economic benefits and environmental performance, promoting harmonious coexistence between industrial development and the ecological environment. The Group actively promotes the implementation of supply chain environmental responsibilities, advocating for business partners and suppliers to identify and manage various risks brought by climate change to their operations, adopt concrete and effective measures to reduce the environmental footprint in business activities, and jointly build a green, low-carbon, and sustainable supply chain system.

B6. Product Responsibility

As a company dedicated to creating boutique games, the Group has always regarded bringing an excellent gaming experience to players as its core mission. The Group insists on prioritizing customer satisfaction, ensuring deep understanding and effective fulfillment of their needs and expectations. Through internal monitoring mechanisms, high standards of service quality and product quality are systematically guaranteed, driving the continuous optimization of service processes and overall user experience. Building on a dual strategy of technology-driven development and global deep penetration, the Group actively strengthens its proprietary technology barriers and deepens regional market penetration. By adopting refining technology, regionalizing operations, and building a publishing ecosystem as its strategic triangle, the Group focuses on three major dimensions, i.e., product experience iteration, emerging market expansion, and event resource integration, closely following market changes and the updates of real-world players and teams, continuously improving game content and quality, and creating a next-generation entertainment experience for global players that seamlessly integrates virtual competition and real-life sports.

The Group strictly complies with the relevant laws and regulations regarding health and safety, advertising, labeling, and privacy matters and remedies for the products and services provided, including the “Consumer Rights Protection Law of the People’s Republic of China”, the “Advertising Law of the People’s Republic of China”, the “Interim Measures for the Administration of Internet Advertising”, the “Patent Law of the People’s Republic of China”, the “Personal Information Protection Law of the People’s Republic of China”, the “Data Security Law of the People’s Republic of China”, the “Regulation on Telecommunications of the People’s Republic of China”, the “Regulation on Internet Information Service of the People’s Republic of China”, the “Regulations on the Administration of Publication”, and the “Provisions on the Administration of Online Publishing Services”.

To ensure the implementation of its core mission, the Group has established and implemented a scientific and standardized performance assessment and reward and punishment mechanism, requiring all employees to uphold a professional spirit of excellence, collaborate efficiently and strive collectively. The Group has developed and strictly implements the “Measures for Identifying the Responsibility of Online Incidents”, which systematically address various incidents that have occurred, define accident assessment standards and responsibility tracking, clarify accountability and implement corresponding management improvement measures to further strengthen full-process operation control, drive continuous optimization of various tasks and effectively ensure game service quality and platform operation stability. To date, the Group has successfully obtained the ISO 20000 Information Technology Service Management System certification.

During the Reporting Period, the Group was not aware of any material issues that violated the relevant laws and regulations which had a material impact on the Group (2024: Nil).

R&D and Innovation

The Group has been deeply engaged in the sports gaming sector for many years, focusing on three major dimensions, i.e., product experience iteration, emerging market expansion, and event resource integration. Proprietary AI technology forms the core of the Group’s technological moat, supporting an agile “R&D – Iteration” system through a closed loop of player feedback, strengthening the synergistic development between mature and emerging Southeast Asian markets. On the ecological layout side, we continue to consolidate the R&D system and operational model for mini-games. To continuously optimize the player experience, the Group attaches great importance to the professional capability development and systematic construction of the R&D team. Through deep insight into the differentiated needs and behavioral characteristics of users in different regions, conducting fine-tuned optimization and iterative test verification of game versions according to different market characteristics, we are committed to providing global users with product solutions that are more tailored to local needs and offer a more personalized experience.

On average, the R&D and innovation of a single game project is collaboratively accomplished by 9 to 44 developers from multiple departments of the Group, including art, front-end development, back-end development, and testing. The entire R&D process of the project needs to go through three core stages, i.e., game production, public testing, and official release. After the front-end development engineers complete the basic demo version containing the core gameplay framework and initial art and audiovisual effects, the testing engineers will conduct systematic testing on the game. Game function problems, technical defects, and personal experience feedback found during the testing process will be systematically compiled and submitted to the relevant development team to promote the improvement of game design, the resolution of technical problems and the repair of program bugs. After the game development stage is completed and the corresponding registration procedures are passed, we will organize external users to conduct multiple rounds of public testing. During the public testing, the team will closely monitor core game indicators and user behavior data, and conduct real-time analysis; at the same time, combined with market research, user focus group discussions, and communication with third-party distribution platforms, extensively collect user opinions and market feedback. Based on the information obtained, we will conduct a pre-assessment of the game’s market acceptance and potential financial performance, and make necessary optimizations and adjustments to the product before its official launch.

All game products under the Group have real-time interactive attributes, which poses high standard requirements for the low-latency response capability of the server network. In this regard, we have built a stable and reliable network infrastructure system, and formed a professional team to monitor server operating performance and security status in real-time to continuously enhance the technical support capability for the Group’s game product matrix and massive user base.

Case: the Group's marketing director Lu Miao was invited to participate in the 2025 Global Game Discovery and Publishing Sharing Conference

On 11 December 2025, the Group was invited to participate in the 2025 Global Game Discovery and Publishing Sharing Conference (Chengdu) organized by Xsolla and the Shenzhen Municipal Government. The Group's marketing director Lu Miao represented the Group and delivered a keynote speech titled "Global Launch: Localized Publishing Strategies for Sports Games." Drawing on over a decade of experience in the sports gaming sector, the presentation shared operational strategies for global publishing, emphasizing that the effective localization requires a deep integration of key elements such as precise text translation, auditory adaptation and visual customization. Key considerations such as copyright acquisition, compliance implementation and overcoming technical challenges were highlighted as critical for successful global publishing. The industry exchange aimed to explore cutting-edge practices and industry trends with peers, promoting innovation in the gaming industry and the continued development of the ecosystem.



Event scene of the 2025 Global Game Discovery and Publishing Sharing Conference

Regulatory Obligations

The Group always places user health and safety at the core of product responsibility. Given the digital nature of the game business, there have been no situation where product recall process related to health and safety issues has arisen in the course of operations. Consequently, the disclosure requirements for relevant product recalls are also not applicable to the Group. The Group deeply understands that user health and safety are of great significance to steady business development and brand image maintenance, and continuously implements product safety management systematically through measures such as strict content review, user behavior guidelines, and anti-addiction mechanisms.

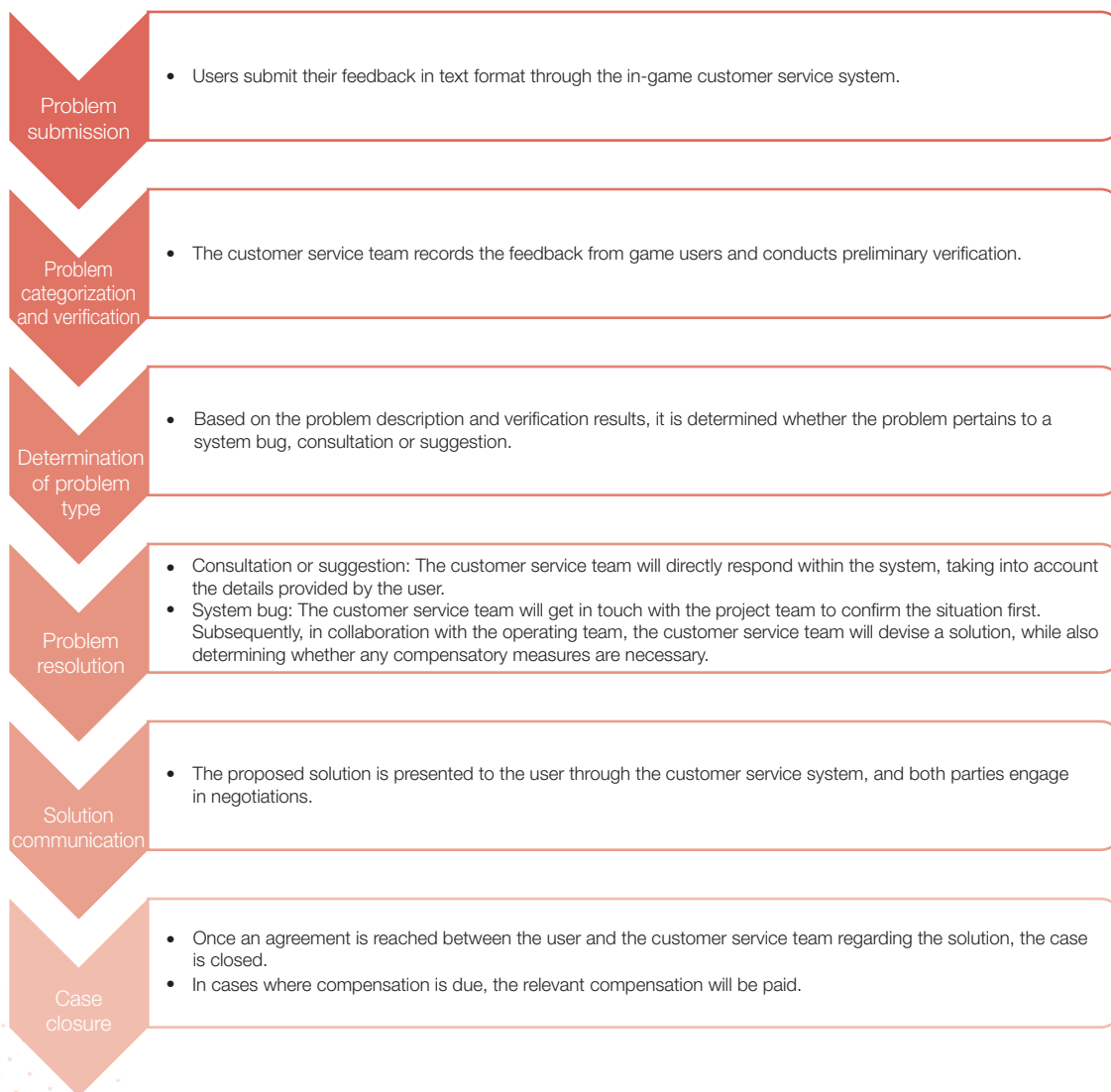
The Group is committed to creating a healthy and green online game environment for minors, strictly following the “Law of the People’s Republic of China on the Protection of Minors”, the “Notice of Preventing Minors from Indulging in Online Games by the National Press and Publication Administration”, the “Notice on Further Strengthening Regulation to Effectively Prevent Online Gaming Addiction among Minors”, and the “Notice of the General Office of the Ministry of Education and Five Other Departments on Further Strengthening the Management of Preventing Primary and Secondary School Students from Becoming Addicted to Online Games” and other relevant laws, regulations, and departmental rules. We actively implement management requirements for minor game anti-addiction and earnestly fulfill corporate social responsibilities. The Group joins hands with relevant third-party distribution platforms to jointly enhance the construction of a healthy game environment for minors, actively fulfilling protection responsibilities through the following measures:

- Strictly enforce real-name authentication and age verification: The Group has completed the technical docking of the game’s built-in system with the real-name authentication system. For all users who download and register games through the official website and third-party distribution platforms, a unified real-name information registration and verification mechanism is implemented. A minor protection mechanism and game age limits have been set up. All user registrations and logins must pass real-name registration, identifying user age based on the information contained in the ID number.
- Strengthen parental supervision and educational coordination: The Group actively encourages parents to guide children through equal and rational communication, helping them to establish correct outlooks on life and values, scientifically manage their schedules, and regularly review the consumption records of accounts.
- Fully access and optimize the anti-addiction system: The Group restricts the duration of use and consumption limits through the “Game Anti-addiction System” and the “Minor Parental Guardianship System”. Generally, minor players can only play games between 20:00 and 21:00 on Fridays, Saturdays, Sundays, and statutory holidays, and each game duration cannot exceed 1 hour. The Group sets single-month consumption limits for minor accounts and sets up application channels for minor refunds, fully implementing the online game anti-addiction mechanism.

Customer Service

The Group always regards customer feedback as the core basis for driving business optimization and product iteration, and is committed to building a full-process continuous improvement mechanism based on customer feedback. Adhering to the core development orientation of creating user value, the Group continuously provides customers with market-competitive products and high-quality service experiences by building a standardized service system, optimizing user-friendly service processes, and implementing normalized service management.

To continuously optimize the customer service experience, the Group's customer service team relies on professional service platforms and tools to systematically handle inquiries, complaints, and suggestions from game users, ensuring the accuracy of information transmission and the timeliness of responses. During the service process, the team meticulously records user feedback content and strictly follows standardized procedures for categorization, follow-up, and processing, striving to efficiently resolve user problems, thereby continuously enhancing user satisfaction. The problem-resolution process is as follows:



During the Reporting Period, the Group received no material complaints about its game products (2024: Nil).

Cybersecurity

As a Chinese mobile sports game developer, publisher, and operator, the Group fully recognizes that the security and stability of its technical infrastructure are crucial to the sustainability of our game operations, user experience, and the Group's reputation. To strictly comply with network configuration standards and strengthen the corporate cybersecurity defence framework, the Group explicitly requires all employees to conduct network operations in strict accordance with the "User Manual for Online Behavior Management System" issued by Sangfor Technologies. At the same time, the Group has independently developed and deployed a dedicated cybersecurity system capable of effectively defending against distributed denial-of-service attacks and various malicious cyberattacks. An emergency countermeasure mechanisms have been established to ensure timely and effective prevention and handling of various cybersecurity incidents, thereby guaranteeing stable system operations.

To systematically establish a cybersecurity protection system, the Group has implemented the following structured measures:

✓ Strengthening network threat monitoring and emergency response

The Group entrusts external professional cybersecurity service providers to conduct continuous real-time monitoring of the network environment. If a significant attack activity is detected, the service provider will immediately issue alerts, and the technical team will immediately initiate a coordinated response mechanism to quickly diagnose the issue and implement targeted mitigation measures.

✓ Implementing system access isolation management

Clear access boundaries are established between internal and external systems, effectively reducing the risk of external attacks on internal systems.

✓ Adopting cloud-based data hierarchical hosting

Well-known cloud service platforms such as Alibaba Cloud, Tencent Cloud and Google Cloud are used to centrally host and manage non-core operational data. This architecture not only realizes isolation and protection for core local storage data but also avoids direct external data access paths.

✓ Deploying a comprehensive protection technology system

The Group continuously improves multi-layered protection mechanisms, including high-level firewall policies, to enhance defences against security threats such as computer viruses and malicious intrusions.

✓ Establishing a rigorous data back-up mechanism

Formal data back-up protocol is established and strictly implemented to ensure business data recoverability and prevent data loss risks caused by accidents or attacks.

✓ Conducting ongoing security capability development

Regular emergency response training and emergency drills are organized for relevant internal personnel to continuously enhance the team's capabilities in security protection and incident response.

During the Reporting Period, the Group suffered no malicious attacks (2024: Nil).

Privacy Protection

The Group fully recognizes that protecting user data privacy and respecting user rights are fundamental to building a secure and high-quality user experience. It has always been committed to providing comprehensive protection for user information security, striving to prevent risks such as data leakage, loss, misuse, unauthorized access or disclosure, and ensuring that users' personal information is reasonably and effectively protected through multi-layered security protection measures. After games are launched and put into operation, the Group continuously monitors and analyzes product performance and system operation status based on user information and operational data, gaining deep insights into user behavior patterns and demands. The Group's game-related systems have strictly complied with the relevant requirements of national cybersecurity graded protection system and successfully completed the filing and evaluation under the national cybersecurity graded protection system (Grade 3).

Multi-layered Security Protection Measures

Adhering to the principles of minimum necessity and informed consent	Information is collected only with users' consent, and the scope of personal information collection is strictly limited to data necessary for business operations.
Implementing strict internal access control	Only authorized employees are permitted to access user information within the necessary scope. A comprehensive permission approval and operational audit mechanism is in place.
Clarifying confidentiality obligations and legal responsibilities	All personnel who may have access to user information are required to comply with confidentiality agreements. Any breach of such obligations will result in legal liability in accordance with applicable laws and regulations.
Deploying a professional technical protection system	The Group cooperates with qualified cybersecurity service providers and cloud service providers, adopting mature industry technologies such as firewalls, SSL encryption, de-identification and anonymization processing, and access control (e.g. bastion hosts and two-factor authentication) to enhance data protection capabilities.
Conducting regular security awareness training	Regular training on information security and privacy protection is organized to strengthen employees' awareness of the importance of protecting user data and their ability to implement related measures.
Establishing supervision and feedback mechanisms	The Group's internal control department is responsible for handling complaints and reports relating to cybersecurity and continuously improving and refining relevant policies and procedures.

To systematically protect user rights, the Group formulated and publicly disclosed the "Privacy Policy of Gala Technology", the "Game License and Service Agreement of Gala Technology", and the "List of Personal Information Shared with Third Parties", fully explaining to users the processing rules and related rights and responsibilities of personal information collection and use, and sharing through the official website. For the minor user group, we specially formulated the "Privacy Protection Policy of Gala Technology for Children" to assist minors and their parents or guardians in clearly understanding relevant terms and the legal rights they enjoy.

During the Reporting Period, the Group received no material complaints regarding privacy protection (2024: Nil).

IP Rights

The core competitive barrier in the sports gaming sector lies in the systematic deployment and professional management of IP resources. The Group recognizes that a well-structured IP strategy is not only a legal risk management measure, but also a strategic foundation for driving differentiated product innovation, building long-term market competitiveness, and ensuring sustainable business development. The Group consistently places copyright partnerships and proprietary IP management at the core of its business development, continuously strengthening its competitive advantages in the sports gaming sector through compliant licensing arrangements and ecosystem-based operations.

In the sports gaming field, copyright has become a fundamental threshold for product market entry and competition. Content without legal authorization is difficult to enter the mainstream market. Games lacking authorization not only face legal risks but also struggle to obtain user recognition and channel support, placing them at a significant disadvantage in core market competition. The Group has established long-term and stable strategic cooperative relationships with IP holders such as world-renowned sports leagues, retired players, industry associations and clubs. The Group believes that such in-depth cooperation not only fully reflects the Group's resource integration capabilities and brand influence within the industry but also provides crucial support for continuously developing highly realistic and immersive mobile sports game content, thereby continuously enhancing the product's market competitiveness and user attractiveness.

As of 31 December 2025, an overview of the number of IP rights owned by the Group, including software copyrights, trademarks, patents, and domain names, is listed as follows:

Category	2025	2024
Registered trademarks	32	29
Registered software copyrights	118	86
Registered patents	2	1
Registered domain names	8	5

The Group regards the protection of IP and other core commercial assets as an important responsibility shared by all employees, actively building a systematic and multi-layered IP protection system to prevent IP infringement or misuse. The Group believes that through sound institutional constraints, a culture of company-wide participation in protection, and continuously optimized management initiatives, it can provide solid guarantees for the Group's innovative achievements and core commercial assets, laying a solid foundation for the long-term healthy development of the business.

- Clarify rights and responsibilities: When entering into labor contracts with key employees, a "Confidentiality Agreement" is signed simultaneously to clearly define the rights and obligations of both parties in IP protection to further strengthen the compliance awareness and responsibility of all employees, reinforcing the internal protection system.
- Standardize external constraints: Fully incorporate IP protection-related clauses into the "User Agreement", clearly inform all users of the legal consequences corresponding to infringing behaviors, form a rigid and effective external constraint system, and prevent external infringement risks.
- Strengthen risk prevention: Continuously carry out IP compliance reviews and regular risk monitoring work, proactively identify and prevent potential infringement disputes, effectively avoid major legal disputes and related claims, and practically maintain the Group's commercial reputation and market image.

During the Reporting Period, the Group did not commit any material infringement of IP rights owned by third parties (2024: Nil).

Advertising and Labeling

The Group strictly follows regulatory requirements such as the “Administrative Measures for Internet Advertising” and the “Notice on Strengthening the Regulation on Promotional Activities of Online Games”, insisting on conducting marketing activities lawfully and compliantly, and resolutely resisting any illegal, non-compliant, and vulgar marketing behaviors. For the products and services provided by the Group, as well as related sales plans, marketing strategies, and advertising materials, strict internal review mechanisms are executed to ensure that promotional content is true, accurate, and lawful, eliminating the dissemination of any false or misleading information, and fully ensuring that all market activities comply with current laws, regulations, and regulatory requirements. The Group explicitly requires all employees to fulfill their legal obligations and responsibilities to maintain the Group’s brand image, jointly safeguard corporate reputation and market image, and ensure that brand value is continuously demonstrated in business activities.

While deeply cultivating the domestic market, the Group actively expands overseas business, continuously strengthens interaction with player communities and sports media platforms, and is committed to maintaining existing game vitality, enhancing user stickiness and participation, while attracting new users. The Group increases investment in market promotion resources, conducting multi-dimensional dissemination through mainstream domestic social platforms such as WeChat Video Accounts, Sina Weibo, Douyin and Bilibili, and establishing cooperative relationships with well-known athletes, internet influencers and key opinion leaders, leveraging their influence to drive game exposure and user conversion. According to brand cooperation agreements, partners will promote the Group’s games through official social media and live broadcast platforms in formats such as game live streaming.

B7. Business Ethics

The Group highly values the construction of a business culture of integrity and institutional systems, viewing business ethics as the top priority for achieving sustainable development. The Group strictly abides by relevant legal regulations opposing bribery, extortion, fraud, and money laundering, including but not limited to laws and regulations such as the “Criminal Law of the People’s Republic of China”, the “Anti-Money Laundering Law of the People’s Republic of China”, and the “Anti-Unfair Competition Law of the People’s Republic of China”, and has internally formulated the “Measures for the Administration of Anti-Money Laundering and Corruption” to strengthen compliance constraints through enhanced systems. In daily operations, the Group always adheres to the highest standards of commercial conduct, resolutely resisting and eliminating all forms of corrupt behaviors, and effectively safeguarding a clean, transparent, and compliant operating environment.

During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations relating to the prevention of bribery, extortion, fraud, and money laundering, nor were there any concluded corruption litigation cases (2024: Nil).

Disclosure on Conflict of Interest

To ensure the compliance, fairness, and transparency of business decisions, the Group has established and continuously improved its conflict-of-interest prevention mechanism, formulate and implemented the “Code of Professional Ethics for Employees” which aims to reinforce ethical procurement discipline, reduce compliance risks, and ensure procurement activities are conducted in a fair, transparent, and responsible manner, thereby supporting the Group’s sustainable supply chain objectives. The code explicitly specifies the code the conducts for procurement-related personnel in their interactions with suppliers, including:

- Prohibition on soliciting or receiving improper benefits: Employees are prohibited from using their positions to solicit or receive any form of improper benefit from suppliers.
- Mandatory disclosure of conflicts of interest: Employees must immediately report to their direct supervisor or the internal control department if they suspect an actual conflict of interest or if the relevant circumstances could reasonably be perceived as constituting a conflict of interest.
- Prohibition on employment or service with related entities: Employees may not be employed by or provide services to the Group’s key customers, suppliers, or competitors, including acting as directors or in any other capacity.
- Reporting of familial relationships: If an employee’s family member works for a supplier and this could create an actual or potential conflict of interest (including situations reasonably perceived as such), the employee must promptly disclose the relationship to their supervisor or the internal control department.
- Gifts and entertainment guidelines: Reasonable gifts and hospitality are considered legitimate business courtesies for maintaining cooperative relationships, provided that their value and form comply with generally accepted commercial standards. Employees must not accept any gifts, entertainment or other benefits that may influence, or could be perceived as influencing, the objectivity and impartiality of supplier evaluation, so as to avoid any interpretation of bribery, kickbacks or other improper transfer of benefits.
- Record-keeping of promotional gifts and expenses: Employees may give or receive promotional gifts and participate in appropriate business hospitality under normal commercial practice, with all related expenses accurately recorded in expense reports. Any gifts or benefits exceeding customary norms must be proactively declined or promptly returned; if not feasible, they must be reported immediately to the internal control department.

In the process of actively expanding overseas markets, the Group strictly follows international norms such as the “Foreign Corrupt Practices Act (FCPA)”, explicitly prohibiting the Company, employees, and agents from providing money or other valuable benefits to obtain or maintain business, or to thereby influence the actions and decisions of any government official, political party, political candidate, or official of public international organizations. If there are reasonable grounds to determine that funds paid to a sales agent might be directly or indirectly used to transfer improper benefits to overseas officials, the Group will uniformly prohibit the payment of such funds. Any employee violating the relevant provisions of the FCPA will constitute a serious violation, which may not only result in legal accountability, massive fines, and criminal penalties, but will also be subjected to severe internal company processing, including termination of the labor relationship, to maintain the core principles of the Group’s compliant operations and international reputation.

Prevention of Corruption and Money Laundering

To systematically regulate anti-money laundering efforts, enhance risk prevention, ensure orderly operations, and promote fair competition and uphold the Group's integrity and strong reputation, the Group has formulated and implemented the "Anti-Money Laundering and Anti-Corruption Management Measures", firmly opposed any form of corruption, strictly complied with applicable laws and regulations in the locations where it operates, and implemented compliance obligations. Specialized training is provided annually to Directors and employees to continuously communicate relevant policies and procedures, and all employees are explicitly required to adhere to professional ethics, comply with business conduct standards, and strictly prohibit any form of corruption, money laundering, or terrorist financing activities, while standardizing business procurement and sales practices.

To safeguard the normal order of business operations and maintain a fair competitive environment, employees who encounter any suspected bribery or corruption can report in writing via the suggestion boxes or by phone to the general manager. The Group conducts independent, rigorous investigations for all suspected bribery cases. Confirmed violations result in immediate termination of employment relationship, and serious or criminal cases are promptly referred to law public security authorities for handling in accordance with the law.

The Group requires all business partners and suppliers to establish and effectively implement anti-corruption policies and compliance systems, and to verify their execution. At the same time, labor rights protection standards are extended throughout the supply chain, encouraging and supervising partners and suppliers to comply strictly with local labor laws and international labor standards, effectively safeguarding employees' lawful rights and dignity. Going forward, the Group will continue to regularly audit and assess suppliers' operational performance and compliance with environmental, social, and governance standards. Any confirmed serious violations will lead to immediate termination of cooperation.

The Group's operating department undertakes core functions in the anti-money laundering system for the gaming business, responsible for formulating and implementing related work specifications covering critical links such as customer identity identification, verification, compliant registration, as well as the secure storage and systematic management of identity information and transaction records. If the customer service center discovers suspicious circumstances regarding customer identities or transactions during the business acceptance process, it must report to the operating department before proceeding. The operating department will timely assess and transfer it to the finance department for compliance review; if the transaction carries suspicion of money laundering, the finance department will report related situations to the anti-money laundering competent authorities according to regulations, and depending on the severity, submit written reports to local public security authorities.

To continuously enhance the compliance awareness and professional conduct of all personnel, during the Reporting Period, the Group provided anti-corruption training for a total of 3 Directors (2024: 3 Directors) and 588 employees (2024: 488 employees) through online and offline methods. We organized special anti-corruption training for our employees and systematically distributed anti-corruption related guidance documents, clearly conveying the Group's anti-corruption policies and operational procedures, highlighting the specific responsibilities and behavioral requirements of various positions in anti-corruption and business ethics practices.

Whistleblowing Mechanism

The Group is deeply aware that a robust whistleblowing mechanism is an important foundation for the Group's compliance governance and risk prevention and control. Providing safe and reliable channels for employees, partners, and stakeholders to voice opinions helps in the timely discovery of violations, prevention of operational risks, and maintenance of corporate reputation and lawful, compliant operations. The Group attaches great importance to the confidential management of whistleblowing information and whistleblower protection work, actively establishing a confidential, impartial, and protected reporting process, setting up diverse reporting channels including real-name and anonymous options, and encouraging employees to reflect issues through superiors or designated reporting mailboxes. The Group implements closed-loop processing for all reports, strictly protecting whistleblower information and lawful rights, and resolutely prohibiting any retaliation behaviors. If an employee suffers retaliation for reporting known or suspected behaviors violating regulations, the Group will impose severe disciplinary actions, including termination of the labor relationship, on the personnel responsible for implementing retaliation, resolutely maintaining a fair and transparent internal governance environment, practically protecting compliance culture and employees' legitimate rights, and providing solid guarantees for sustainable development.

B8. Community Investment

The Group always places the fulfillment of corporate social responsibility in an important position of strategic development, viewing it as a core component for achieving sustainable operation and value creation. The Group actively advocates and supports employees to participate in volunteer services during their spare time, and has formulated the "Community Investment Policy" to systematically plan and organize employee participation in environmental public welfare and social service fields, to encourage the Group's employees to participate in environmental public welfare and social service activities. We expect that through diverse community engagement practices, employees can enhance their awareness of care and social responsibility while making practical contributions to the community.

During the Reporting Period, the Group contributed a total of 12 hours to community service activities in the education and cultural sectors, taking concrete actions to support community development. In the future, we will further expand the forms of public welfare activities combining online and offline, focusing heavily on current key social issues in China, including but not limited to, poverty alleviation and disaster relief, educational resource optimization, medical health donations, and entrepreneurship and employment support. We are committed to leveraging our own resources and capabilities to actively give back to society, driving sustainable social development with practical actions.

Case: Strengthening Industry-Academia Collaboration, Co-building a New Digital Cultural and Creative Ecosystem

Guided by the national strategy of strengthening talent development, the Group actively fulfills its community investment responsibilities and is committed to building bridges for industry-university-research collaboration. In this year, the Group promoted industry-academia integration by hosting a visit and exchange session with the students and faculty from the publishing program at Jinan University. During the event, key business personnel from operations, planning, and functional departments shared in-depth industry experience and case analyses on core topics such as localized operations, content planning, and IP derivative development in the context of digital publishing. Through immersive site visits and in-depth learning activities, the Company brought cutting-edge industry practices directly into the classroom and highlighted the industry's urgent demand for multi-disciplinary talent at the intersection of culture, technology, and business, effectively broadening students' career horizons and opening new pathways within the cultural and creative industries. The Group firmly believes that by empowering future professionals, it can inject sustainable innovation and vitality into the digital cultural and entertainment community.



Group Photo at the On-Site Visit of Jinan University Faculty and Students

CONTENT INDEX TO THE ESG REPORTING GUIDE OF STOCK EXCHANGE

Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Exhaust Gas Emissions (Not Applicable – Explained)
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management (Not Applicable – Explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions – GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set.	Emissions – Waste management target(s) and steps taken to achieve them.
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Resources Management
KPI A2.3	Description of energy use efficiency targets set and steps taken to achieve them.	Use of Resources – Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Resources Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Materials (Not Applicable – Explained)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the material climate-related matters that have had or may have an impact on the issuer, and the corresponding response actions.	The Environment and Natural Resources – Enhance Environmental Awareness, Manage Value Chain
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Total workforce
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Recruitment, Promotion, Remuneration and Termination
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Labor Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Labor Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Procurement Mechanism
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Responsible Operations
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Responsible Operations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to the health and safety, advertising, labeling and privacy issues and remedies in relation to the products and services provided.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Regulatory Obligations (Not Applicable – Explained)
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – IP Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – R&D and Innovation
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Cybersecurity, Privacy Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to the prevention of bribery, extortion, fraud and money laundering.	Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics – Disclosure on Conflict of Interest, Prevention of Corruption and Money Laundering, Whistleblowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics – Prevention of Corruption and Money Laundering

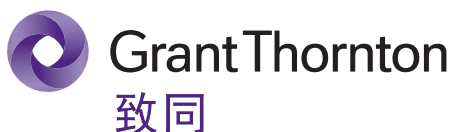
Aspect, General Disclosure and KPIs	Description	Section/Declaration
B8. Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment
Climate-related Disclosure		
Governance	The governance body(s) responsible for oversight of climate-related risks and opportunities.	Sustainable Development Governance Structure, Climate Change – Governance
Governance	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	Sustainable Development Governance Structure, Climate Change – Governance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect, General Disclosure and KPIs	Description	Section/Declaration
Strategy – Climate-related Risks and Opportunities	Description of climate-related risks and opportunities that could reasonably be expected to affect the issuer’s cash flows, access to finance or cost of capital over the short, medium or long term.	Climate Change – Strategy
Strategy – Business Model and Value Chain	Description of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain.	Climate Change – Strategy
Strategy – Strategy and Decision-Making	Information regarding how the issuer has responded and plans to respond to material climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation.	Climate Change – Strategy
Strategy – Financial Position, Financial Performance and Cash Flows – Current Financial Effects	How climate-related risks and opportunities have affected the issuer’s financial position, financial performance and cash flows for the reporting period. Information regarding the climate-related risks and opportunities identified for which there is a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.	Climate Change – Metrics and Targets (Relief applied – Explained)
Strategy – Financial Position, Financial Performance and Cash Flows – Anticipated Financial Effects	How the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. Based on the issuer’s strategy to manage climate-related risks and opportunities, how it expects its financial performance and cash flows to change over the short, medium and long term.	Climate Change – Strategy
Strategy – Climate Resilience	The issuer’s assessment of its climate resilience as at the reporting date. How and when the climate-related scenario analysis was carried out.	Climate Change – Strategy

Aspect, General Disclosure and KPIs	Description	Section/Declaration
Risk Management	The processes and related policies the issuer uses to identify, assess, prioritize and monitor climate-related risks and opportunities.	
Risk Management	The processes the issuer uses to identify, assess, prioritize and monitor climate-related risks and opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities).	Climate Change – Risk Management
Risk Management	How the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer’s overall risk management process.	Climate Change – Risk Management
Metrics and Targets – Greenhouse Gas Emissions	The issuer shall disclose its absolute gross greenhouse gas emissions for the reporting period (expressed in tCO ₂ e), classified into: Scope 1 greenhouse gas emissions; Scope 2 greenhouse gas emissions; Scope 3 greenhouse gas emissions.	Emissions – GHG Emissions
Metrics and Targets – Climate-related Transition Risks	The issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Climate Change – Metrics and Targets (Relief applied – Explained)
Metrics and Targets – Climate-related Physical Risks	The issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Climate Change – Metrics and Targets (Relief applied – Explained)
Metrics and Targets – Climate-related Opportunities	The issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Climate Change – Metrics and Targets (Relief applied – Explained)
Metrics and Targets – Capital Deployment	The issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Climate Change – Metrics and Targets (Relief applied – Explained)
Metrics and Targets – Remuneration	The issuer shall disclose whether and how climate-related considerations are factored into remuneration policies, or provide an appropriate negative statement.	Climate Change – Governance
Metrics and targets – Industry-based Metrics	The Exchange encourages the issuer to disclose industry-based metrics that are associated with one or more particular business models and activities, or metrics associated with common features of the industries in which it participates.	Climate Change – Metrics and Targets (Relief applied – Explained)
Metrics and Targets – Climate-related Targets	The issuer shall disclose the qualitative and quantitative climate-related targets it has set to monitor progress towards achieving its strategic goals and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets.	Climate Change – Metrics and Targets (Relief applied – Explained)

INDEPENDENT AUDITOR'S REPORT



To the members of Gala Technology Holding Limited
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Gala Technology Holding Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages 126 to 187, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Revenue recognition – estimation of average expected playing period of paying players (“Player Relationship Period”) in the Group’s self-development game revenue

Key audit matter

We identified the estimation of the average expected Player Relationship Period in the Group’s self-development game revenue as a key audit matter due to the significant estimation and the management’s judgement.

As disclosed in note 6 to the consolidated financial statements, the Group’s revenue from self-development games for the year ended 31 December 2025 amounted to RMB922,292,000, which was mainly derived from the sales of in-game virtual items.

The Group recognises the revenue from sales of in-game virtual items rateably over the management’s estimation of the lifespans of the in-game virtual items with reference to the average expected Player Relationship Period, given there is an implicit obligation of the Group to maintain and allow access to the self-development games for the paying players.

How the matter was addressed in our audit

Our audit procedures in relation to address the estimation of average expected Player Relationship Period in the Group’s self-development game revenue included:

- Understanding management’s assessment processes in determining the average expected Player Relationship Period and assessing the reasonableness and appropriateness of management’s judgements and estimations made;
- Evaluating the relevant key controls over management’s estimation of the average expected Player Relationship Period for each game;
- Obtaining the calculations of the average expected Player Relationship Period for each game prepared by the management, and evaluating, on a sample basis, the reliability of assumptions and key inputs used in the estimation of average expected Player Relationship Period of each game; and
- Testing the integrity and arithmetic accuracy of the calculations of average expected Player Relationship Period of each game.

OTHER INFORMATION

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

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

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

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

Grant Thornton Hong Kong Limited

Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

26 March 2026

Lau Kwong Kei
Practising Certificate No.: P07578

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	6	922,292	775,918
Cost of revenue		(442,226)	(360,035)
Gross profit		480,066	415,883
Other (losses)/gains, net	7	(4,064)	737
Other income	8	14,839	12,678
Selling and marketing expenses		(163,291)	(147,333)
General and administrative expenses		(68,794)	(60,058)
Research and development expenses		(155,853)	(133,725)
Finance cost	11	(4,324)	(3,965)
Share of results of an associate		1,795	1,308
Profit before tax	9	100,374	85,525
Income tax expenses	12	(4,527)	(1,379)
Profit for the year		95,847	84,146
Other comprehensive income for the year			
<i>Item that will be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		(5,068)	378
Total comprehensive income for the year		90,779	84,524
Profit/(loss) for the year attributable to:			
– Owners of the Company		95,886	84,159
– Non-controlling interests		(39)	(13)
		95,847	84,146
Total comprehensive income/(expense) attributable to:			
– Owners of the Company		90,818	84,537
– Non-controlling interests		(39)	(13)
		90,779	84,524
Earnings per share for profit attributable to owners of the Company (RMB per share)			
– Basic	13	0.72	0.63
– Diluted	13	0.70	0.63

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	8,610	6,299
Right-of-use assets	17	24,131	14,656
Intangible assets	18	75,066	92,620
Interest in an associate	19	27,103	25,308
Prepayments, deposits and other receivables	21	4,740	3,177
Financial assets at fair value through other comprehensive income ("FVOCI")	23	4,000	–
Deferred tax assets	22	6,803	3,639
		150,453	145,699
Current assets			
Trade receivables	20	61,894	62,291
Prepayments, deposits and other receivables	21	21,281	17,593
Financial assets at fair value through profit or loss ("FVTPL")	23	28,115	14,414
Contract costs	24	17,317	13,940
Cash and cash equivalents	25	452,499	377,676
		581,106	485,914
Total assets		731,559	631,613
EQUITY AND LIABILITIES			
Capital and Reserve			
Share capital	26	1,231	1,186
Reserves		427,161	376,800
		428,392	377,986
Non-controlling interests		(353)	(853)
Total equity		428,039	377,133

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Trade payables	27	35,018	48,948
Lease liabilities	17	20,316	12,489
		55,334	61,437
Current liabilities			
Trade payables	27	100,480	81,440
Other payables and accruals	28	72,612	51,854
Contract liabilities	24	61,875	51,710
Current tax liabilities		7,898	5,375
Lease liabilities	17	5,321	2,664
		248,186	193,043
Total liabilities		303,520	254,480
Total equity and liabilities		731,559	631,613
Net current assets		332,920	292,871
Total assets less current liabilities		483,373	438,570

The financial statement on pages 126 to 187 were approved by the Board of Directors on 26 March 2026 and were signed on its behalf by:

JIA Xiaodong
 DIRECTOR

LI Xin
 DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

	Attributable to the owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Share award reserve RMB'000	Shares held under		Statutory reserves RMB'000 (note i)	Translation reserve RMB'000	Other reserves RMB'000 (note ii)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
				Share award schemes	share award schemes							
				RMB'000	RMB'000							
At 1 January 2024	1,186	130,891	-	-	34,496	2,670	57,005	106,180	332,428	(840)	331,588	
Profit/(loss) for the year	-	-	-	-	-	-	-	84,159	84,159	(13)	84,146	
Other comprehensive income for the year	-	-	-	-	-	378	-	-	378	-	378	
Total comprehensive income/(expense) for the year	-	-	-	-	-	378	-	84,159	84,537	(13)	84,524	
Recognition of share-based payment expenses (note 32)	-	-	13,045	-	-	-	-	-	13,045	-	13,045	
Purchase of shares under share award schemes (note 32)	-	-	-	(27,324)	-	-	-	-	(27,324)	-	(27,324)	
Vesting of shares under share award schemes (note 32)	-	(1,683)	(9,575)	11,258	-	-	-	-	-	-	-	
Dividends recognised as distribution	-	-	-	-	-	-	-	(24,700)	(24,700)	-	(24,700)	
Appropriation to statutory reserves	-	-	-	-	9,249	-	-	(9,249)	-	-	-	
At 31 December 2024 and 1 January 2025	1,186	129,208	3,470	(16,066)	43,745	3,048	57,005	156,390	377,986	(853)	377,133	
Profit/(loss) for the year	-	-	-	-	-	-	-	95,886	95,886	(39)	95,847	
Other comprehensive expenses for the year	-	-	-	-	-	(5,068)	-	-	(5,068)	-	(5,068)	
Total comprehensive expense/(income) for the year	-	-	-	-	-	(5,068)	-	95,886	90,818	(39)	90,779	
Issues of new shares (note 26)	45	-	-	(45)	-	-	-	-	-	-	-	
Shares acquired from non-controlling interests	-	261	-	-	-	-	-	-	261	539	800	
Recognition of share-based payment expenses (note 32)	-	-	21,779	-	-	-	-	-	21,779	-	21,779	
Purchase of shares under share award schemes (note 32)	-	-	-	(62,452)	-	-	-	-	(62,452)	-	(62,452)	
Vesting of shares under share award schemes (note 32)	-	2,670	(18,708)	16,038	-	-	-	-	-	-	-	
Appropriation to statutory reserves	-	-	-	-	9,420	-	-	(9,420)	-	-	-	
At 31 December 2025	1,231	132,139	6,541	(62,525)	53,165	(2,020)	57,005	242,856	428,392	(353)	428,039	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

Notes:

- (i) In accordance with the Companies Laws of the People's Republic of China (the "PRC") and the stipulated provisions of the articles of association of the subsidiaries of the Company with limited liabilities in Chinese Mainland, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective statutory surplus reserve funds and the discretionary reserve funds before distributions are made to the owners. The percentage of appropriation to statutory surplus reserve fund is 10%. The amount to be transferred to the discretionary reserve fund is determined by the equity owners of these companies. When the balance of the statutory surplus reserve fund reaches 50% of the registered capital, such transfer needs not to be made. Both the statutory surplus reserve fund and discretionary reserves fund can be capitalised as capital of an enterprise, provided that the remaining statutory surplus reserve fund shall not be less than 25% of the registered paid in capital. In addition, in accordance with the Law of the PRC on Enterprises with Foreign Investments and the stipulated provisions of the articles of association of wholly owned foreign subsidiaries in the Chinese Mainland, appropriation from net profits (after offsetting accumulated losses brought forward from prior years) should be made by these companies to their respective reserve funds. The percentage of net profit to be appropriated to the reserve fund is not less than 10% of the net profit. When the balance of the reserve fund reaches 50% of the registered capital, such transfer needs not to be made. With approvals obtained from respective boards of directors of these companies, the reserve funds can be used to offset accumulated deficit or to increase capital.
- (ii) The balance as at 31 December 2025 and 2024 represent a) combined share capital and reserves of the companies comprising the Group before the Listing (as defined in note 1 to the condensed consolidated financial statements) amounting to RMB56,512,000; b) difference between the consideration and the carrying amount of net assets value resulting from acquisition of additional equity interests in subsidiaries from non-controlling interests amounting to RMB2,379,000; and c) an one-off share-based payment expense of RMB2,872,000 arising from share transfer between two shareholders of the Company in previous years.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES			
Profit before tax		100,374	85,525
Adjustments for:			
Gain on disposal of property, plant and equipment	7	–	(5)
Fair value gains on financial assets measured at FVTPL	7	(3,529)	(636)
Impairment loss under expected credit loss model, net	7	–	249
Interest expense	11	4,324	3,965
Interest income	8	(8,373)	(6,826)
Depreciation of property, plant and equipment	16	3,055	3,561
Depreciation of right-of-use assets	17	5,232	6,160
Amortisation of intangible assets	18	53,907	43,550
Impairment of intangible assets	18	9,604	5,657
Share-based payment expense		21,779	13,045
Share of results of an associate		(1,795)	(1,308)
Exchange difference		1,115	1,319
Gain of termination of leases	7	(605)	–
Written off of trade and other receivables	7	544	–
Operating cash flows before working capital changes		185,632	154,256
Increase in trade receivables, prepayments and other receivables		(6,498)	(27,839)
Increase in contract costs		(3,377)	(5,792)
Increase in trade and other payables		9,581	29,719
Increase in contract liabilities		10,165	21,003
Cash generated from operations		195,503	171,347
Interest received	8	8,373	6,826
Income tax paid		(5,168)	(1,857)
Net cash from operating activities		198,708	176,316

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES			
Purchase of intangible assets		(33,296)	(57,157)
Investment in an associate	19	–	(24,000)
Purchase of financial assets at FVTPL		(169,016)	(43,131)
Purchase of financial assets at FVOCI		(4,000)	–
Purchases of property, plant and equipment		(5,366)	(5,625)
Proceeds from disposal of property, plant and equipment		–	5
Repayment from a third party		–	17,759
Proceeds from disposal of financial assets at FVTPL		158,529	71,386
Payment of loan to other receivables		(700)	–
Proceeds from loan to other receivables		1,800	–
Net cash used in investing activities		(52,049)	(40,763)
FINANCING ACTIVITIES			
Payments for repurchase of shares		(62,452)	(27,324)
Dividend paid		–	(24,700)
Payment for principal elements of lease liabilities		(3,618)	(6,314)
Interest paid		(698)	(328)
Net cash used in financing activities		(66,768)	(58,666)
NET INCREASE IN CASH AND CASH EQUIVALENTS		79,891	76,887
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		377,676	300,411
Effect of foreign exchange rate changes		(5,068)	378
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		452,499	377,676
ANALYSIS OF CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
Bank deposits		226,384	144,898
Bank balances		226,115	232,778
		452,499	377,676

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2025

1. GENERAL INFORMATION

Gala Technology Holding Limited (the “**Company**”) was incorporated in the Cayman Islands on 12 June 2018 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The address of the Company’s registered office is P. O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and its principal place of business is 15th Floor, Qianhai CTF Finance Tower, 66 Shuniu Street, Nanshan Subdistrict, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, People’s Republic of China (the “**PRC**”).

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 January 2023 (the “**Listing**”).

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the mobile sports game development, publishing and operation (the “**Listing Business**”) in the PRC.

The financial statements for the year ended 31 December 2025 were approved for issue by the board of directors on 26 March 2026.

2. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS

2.1 Amended HKFRS Accounting Standards that are effective annual period beginning on 1 January 2025

In the current year, the Group has applied for the first time the Amendments to HKAS 21 “Lack of Exchangeability” which are effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2025.

The amendments do not have a material impact on the financial statements of the Group.

2.2 Amendments to HKFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRS Accounting Standards have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 18	Presentation and Disclosure in Financial Statement ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures and related amendments ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²

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

² Effective for annual periods beginning on or after 1 January 2027

³ Effective date not yet determined

2. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS (CONTINUED)

2.2 Amendments to HKFRS Accounting Standards in issue but not yet effective (CONTINUED)

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRS Accounting Standards that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRS Accounting Standards are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 18 "Presentation and Disclosure in Financial Statements" and related amendments to Hong Kong Interpretation 5

HKFRS 18 replaces HKAS 1 "Presentation of Financial Statements". It carries forward many of the existing requirements in HKAS 1, with limited changes, and some HKAS 1 requirements will be moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosures".

HKFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely "**operating profits**" and "**profits before financing and income tax**"), and classifying items into five newly defined categories (namely "**operating**", "**investing**", "**financing**", "**income tax**" and "**discontinued operation**"), depending on the reporting entity's main business activities, in the statement of profit or loss;
- disclosure of management-defined performance measures ("**MPMs**") in a single note to the financial statements; and
- enhanced guidance of aggregation and disaggregation of information in the financial statements.

Besides, narrow-scope amendments have been made to HKAS 7 "Statement of Cash Flows", which includes:

- using "operating profit or loss" as the starting point for indirect method for the presentation of operating cash flows purposes; and
- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other HKFRS Accounting Standards, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The directors of the Group are currently working to identify all the impacts of HKFRS 18, particularly with respect to the structure of the Group's consolidated statement of comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact of how information is grouped in the consolidated financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which collective term includes all applicable individual HKFRS accounting standards, Hong Kong Accounting Standards and Interpretations (“**HKFRS Accounting Standards**”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRS Accounting Standards and the impacts on the Group’s consolidated financial statements, if any, are disclosed in note 2.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets at FVTPL and financial assets at FVOCI which are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group’s perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Basis of consolidation (CONTINUED)

Subsidiaries (CONTINUED)

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Basis of consolidation (CONTINUED)

Subsidiaries (CONTINUED)

Subsidiaries under contractual arrangements

The Company and its subsidiaries do not hold any equity interests in Shenzhen Wangchen Technology Co., Ltd (“**Wangchen Technology**”), nor, in its subsidiary (Wangchen Technology and its subsidiary collectively be referred as the “**PRC Operating Entities**”).

Shenzhen Wangchen Moji Technology Co., Ltd (“**Shenzhen Wangchen Moji**” or the “**WFOE**”), a wholly-owned subsidiary of the Company, entered into various agreements with Wangchen Technology and its registered shareholders (the “**Contractual Arrangements**”), pursuant to which the Group controls the PRC Operating Entities by way of exposing to, or having rights to variable returns from its investment with the PRC Operating Entities and having the ability to affect those returns through its power over the PRC Operating Entities.

The Contractual Arrangements enable the WFOE and the Group to:

- exercise effective control over the PRC Operating Entities;
- exercise equity holders’ voting rights of the PRC Operating Entities;
- receive substantially all of the economic interests and returns generated by the PRC Operating Entities in consideration for the business support, technical and consulting services provided by the WFOE, at the WFOE’s discretion;
- obtain an irrevocable and exclusive right to purchase all equity interests in Wangchen Technology from its registered shareholders at a nominal consideration unless the relevant government authorities request that another amount be used as the purchase consideration and in which case the purchase consideration shall be such amount. Where the purchase consideration is required by the relevant government authorities to be an amount other than a nominal amount, the registered shareholders of Wangchen Technology shall return the amount of purchase consideration they have received to the WFOE. At the WFOE’s request, the registered shareholders of Wangchen Technology will promptly and unconditionally transfer their respective equity interests in Wangchen Technology to WFOE (or its designee within the Group) after the WFOE exercises its purchase right; and
- obtain pledges over the entire equity interests in Wangchen Technology from its registered shareholders to secure, among others, performance of their obligations under the Contractual Arrangements.

The Group does not have any equity interest in the PRC Operating Entities. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities and is considered to control the PRC Operating Entities. Consequently, the Company regards the PRC Operating Entities as indirect subsidiaries.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company, whose principal activities is investment holding and fund raising and with insignificant operating activities, has been changed from Renminbi ("**RMB**") to Hong Kong dollars ("**HKD**") upon Listing. The consolidated financial statements are presented in RMB.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

All foreign exchange gains and losses are presented in the profit or loss on a net basis.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of the reporting period. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management). They are subsequently stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values over their estimated useful lives, as following rates per annum:

Furniture and fixtures	20% to 33%
Computers and other equipment	20% to 33%
Leasehold improvement	33% or over lease terms, whichever is shorter

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

3.5 Intangible assets

(a) Licenses

Under certain licensing arrangements entered between the Group and the licensors, the Group pays upfront license fees to the licensors as the Group is entitled to the non-exclusive rights to use the intellectual properties in specified geographic areas for certain period of time. Licenses have definite useful lives and carried at amortised cost less accumulated amortisation and accumulated impairment loss, if any. They are tested for impairment as described below in note 3.6. The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. They are initially measured at fair value of the consideration required at the time of the acquisition. The consideration required represents the non-cancellable upfront fee and the capitalised present values of the fixed royalty fee to be made in subsequent years in respect of the acquisition of the licenses.

Licenses are amortised on a straight-line basis in accordance with the license period for 1 to 5 years. The amortisation is expensed to cost of revenues (where the games are commercially launched) or general and administrative expenses (where the games are not yet commercially launched).

Payment of upfront license fees for the cancellable licenses are recognised as intangible asset in the consolidated statements of financial position and amortised on a straight-line basis in accordance with the license period.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Intangible assets (CONTINUED)

(b) Research and development expenditures

Research and development expenses consist primarily of salary and benefits for the Group's research and development personnel. All research and development expenditures were recognised in profit or loss as they do not meet the recognition criteria for capitalisation.

(c) Software

The Group's acquired software license mainly consists of financial and operation system software license. Acquired software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. After initial recognition, software with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for software with finite useful lives is provided on straight-line basis over their estimated useful lives. These costs are amortised over their estimated useful life of 1 to 10 years. The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. They are tested for impairment as described below in note 3.6.

3.6 Impairment of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its non-financial assets including interest in associate, property, plant and equipment, right-of-use assets, intangible assets with finite useful lives, contract costs and the Company's interests in subsidiaries to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

For the purposes of assessing impairment, the recoverable amount of non-financial assets is estimated individually. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit ("CGU")) for which the estimates of future cash flows have not been adjusted.

Impairment losses recognised for cash-generating units is charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss of assets is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Investments and other financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred.

(a) Classification and subsequent measurement of financial assets

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

(ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss, which is included in the “other gains/(losses), net” line item.

(iii) Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in “Fair value reserve – non-recycling” in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer’s perspective.

The equity instruments at FVOCI are not subject to impairment assessment. The cumulative gain or loss in “Fair value reserve – non-recycling” will not be reclassified to profit or loss upon disposal of the equity investments, and will continue to be held in the “Fair value reserve – non-recycling”.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established. Dividends are included in the “other income” in profit or loss.

(b) Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 “Financial Instruments” (“HKFRS 9”)

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Investments and other financial assets (CONTINUED)

(b) Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 “Financial Instruments” (“HKFRS 9”) (CONTINUED)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“**Stage 1**”) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“**Stage 2**”).

“Stage 3” would cover financial assets that have objective evidence of impairment at the end of the reporting period.

“12-month ECL” are recognised for the Stage 1 category while “lifetime ECL” are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

3.8 Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate is incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group’s share of the profit or loss and other comprehensive income of the associate. When the Group’s share of losses of an associate exceeds the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Investment in an associate (CONTINUED)

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

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Where unrealised losses on assets sales between the Group and its associate are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

3.9 Trade receivables

Trade receivables are recognised initially at the amount of consideration and subsequently measured at amortised cost using the effective interest method.

3.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11 Share-based payments

Equity-settled share-based payment transactions – share awarded to directors and employees

For share award schemes of the Company, the fair value of services received, determined by reference to the fair value of awarded shares granted at the grant date, is expensed on a straight-line basis over the vesting period, with a corresponding increase in share award reserve. The cost of acquisition of the Company's shares held for the share award schemes is recorded as shares held under share award schemes. At the time when the awarded shares are vested, the difference between the amount previously recognised in share award reserve and the amount of the relevant treasury shares will be transferred to share premium.

At the end of each reporting period, the Group revisits its estimate of the number of awarded shares that are expected to ultimately vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share award reserve.

3.12 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.13 Contract liabilities and contract costs

Contract liabilities primarily consist of the unamortised revenue from sales of game tokens and virtual items for mobile games, where there is still an implied obligation to be provided by the Group and will be recognised as revenue when all of the revenue recognition criteria are met.

Incremental costs of obtaining a contract, including unamortised commission charged by distribution and payment channels and unamortised revenue sharing to the publishers are capitalised if they are expected to be recovered. Capitalised contract costs are amortised on a systematic basis consistent with the pattern of the transfer of the goods or services to which the asset relates.

3.14 Current and deferred income tax

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

(a) Current income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.14 Current and deferred income tax (CONTINUED)

(b) *Deferred income tax*

Deferred tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in HKAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of the reporting period.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.14 Current and deferred income tax (CONTINUED)

(b) Deferred income tax (CONTINUED)

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.15 Revenue recognition

Information about the Group's accounting policies relating to contracts with customers is provided in notes 6 and 24.

3.16 Leases

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Leases (CONTINUED)

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period; the right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group also assesses the right-of-use asset for impairment when such indicator exists.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

On the consolidated statement of financial position, right-of-use assets have been recorded as separate item. Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3.17 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.19 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker (the “**CODM**”) for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components.

3.20 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group
- (b) the party is an entity and if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group.
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) the entity and the Group are joint ventures of the same third party.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.20 Related parties (CONTINUED)

- (b) the party is an entity and if any of the following conditions applies: (Continued)
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. Because of the simplicity of the financial structure and the operations of the Group, no hedging activities are undertaken by management.

(a) Market risks

(i) Foreign exchange risk

The Group's foreign currency transactions are mainly denominated in United States dollar ("US\$"), European dollar ("EUR"), Hong Kong dollar ("HK\$") and Singapore dollar ("SGD"). The majority of assets and liabilities are denominated in RMB, US\$, EUR, HK\$ and SGD, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities denominating in a currency other than RMB, which is the functional currency of the major operating companies within the Group. The Group currently does not hedge its foreign currency exposure.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (CONTINUED)

(a) Market risks (CONTINUED)

(i) Foreign exchange risk (CONTINUED)

	Assets		Liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
USD	280,524	247,230	(68,316)	(84,886)
EUR	–	–	(73,852)	(46,822)
HKD	24,946	10,655	(1,793)	(772)
SGD	22,863	7,528	–	–

The following table details the Group's sensitivity analysis to a 5% (2024: 5%) increase and decrease in RMB against USD, EUR, HKD or SGD 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2024: 5%) change in foreign currency rates. A positive (negative) number below indicates an increase (a decrease) in post-tax profit where RMB strengthen 5% (2024: 5%) against relevant foreign currencies. For a 5% (2024: 5%) weakening of RMB against the relevant foreign currencies, there would be an equal and opposite impact on the post-tax profit.

	2025 RMB'000	2024 RMB'000
USD	(8,843)	(7,454)
EUR	3,083	1,955
HKD	(966)	(457)
SGD	(947)	(376)

(ii) Cash flow and fair value interest rate risk

The income and operating cash flows of the Group is substantially independent of changes in market interest rates. Interest rate risk relates to the risk that the fair value or cash flows of certain deposits with variable interest rate and the wealth management products (included in financial assets at FVTPL) will fluctuate because of changes in market interest rates. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk.

The Group has no significant interest-bearing assets or liabilities, except for certain deposits placed with banks.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (CONTINUED)

(a) Market risks (CONTINUED)

(ii) Cash flow and fair value interest rate risk (CONTINUED)

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. Fluctuation of the fixed interest-bearing asset and liability balances is the major sources of the Group's fair value interest rate risks.

The management of the Group considers that the impact to profit or loss for respective years are insignificant for a reasonable change in the market interest rate. Accordingly, no sensitivity analysis is prepared.

(iii) Other price risk

Other price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to change in market prices in respect of its investments in unlisted and listed equity classified as financial assets at FVTPL.

For unlisted and listed equity securities, an average volatility of 5% has been observed in 2025 (2024: Not applicable). If the fair value for the Group's unlisted and listed equity securities existing as at 31 December 2025 increased or decreased by that amount, profit or loss for the year and retained profits would have increased or decreased by RMB901,000 (2024: Not applicable) in respect of unlisted and listed equity securities classified as financial assets at FVTPL.

4. FINANCIAL RISK MANAGEMENT (*CONTINUED*)

4.1 Financial risk factors (*CONTINUED*)

(b) *Credit risk*

Credit risk arises from cash and cash equivalents (note 25), financial assets at FVTPL (note 23) and contractual cash flows of debt instruments carried at amortised cost (notes 20, 21 and 30).

The carrying amounts of short-term bank deposits, cash and cash equivalents and contractual cash flows of debt instruments carried at amortised cost represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) *Risk management*

Credit risk is managed on a group basis. To manage this risk, deposit with banks are mainly placed with reputable financial institutions.

For trade receivables, management make periodic collective assessments as well as individual assessment on the recoverability of the receivables based on the historical settlement records and past experience. Trade receivables at the end of each reporting period were due from the third-party Platforms (as defined in note 6) and Publishers (as defined in note 6) in cooperation with the Group. If the strategic relationship with the third-party Platforms and Publishers terminated or scaled-back; or if the third-party Platforms and Publishers alter the co-operative arrangements; or if they experience financial difficulties in paying the Group, the Group's corresponding trade receivables might be adversely affected in terms of recoverability.

To manage this risk, the Group maintains frequent communications with the third-party Platforms and Publishers to ensure the effective credit control. In view of the history of cooperation with the third-party Platforms and Publishers and the sound collection history of receivables due therefrom, the directors of the Company believe that the credit risk inherent in the Group's outstanding trade receivables balances due from the third-party Platforms and Publishers is low, except for those debtors with known financial difficulties or significant doubt on collection of receivables. As at 31 December 2025 and 2024, the receivables relating to third-party Platforms and Publishers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance. For other receivables, management consider contractual cash flows of debt instruments carried at amortised cost as low credit risk as counterparties have a strong capacity to meet its contractual cash flow obligations in the near term.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (CONTINUED)

(b) Credit risk (CONTINUED)

(i) Risk management (CONTINUED)

Management considers the credit risks on amounts due from non-controlling interests are minimal after considering the financial condition, past default history and repayment pattern of these entities. Management has performed assessment over the recoverability of the balances and management does not expect any losses from non-performance by these companies.

(ii) Impairment of financial assets

The Group has below financial assets that are subject to the expected credit loss model:

- trade receivables, and
- other financial assets at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial. Cash and cash equivalents are mainly placed with reputable financial institutions. There has been no recent history of default in relation to these financial institutions. The ECL rate is negligible.

Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. The Group measures the ECL on an individual basis.

Receivables relating to third-party Platforms and Publishers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance.

The ECL rates are determined based on historical credit losses and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the counterparties to settle the receivables. As at 31 December 2025, the balance of loss allowance in respect of trade receivables balances was RMB586,000 (2024: RMB586,000) based on the average ECL rates of 0.9% (2024: 0.9%).

Impairment losses on receivables are presented as “impairment loss under expected credit loss model, net” in the consolidated statement of comprehensive income. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against the same line item.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (CONTINUED)

(b) Credit risk (CONTINUED)

(ii) Impairment of financial assets (CONTINUED)

Other financial assets carried at amortised cost

For other financial assets carried at amortised cost, including loan receivables, deposits and other receivables, amounts due from non-controlling interests (included in other receivables) and cash and cash equivalents, the ECL is based on the 12-month ECL. It is the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss rate is minimal as at 31 December 2025 (2024: minimal).

(c) Liquidity risk

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

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Weighted average interest rate %	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
<i>As at 31 December 2025</i>					
Trade payables	3.59	105,485	31,836	4,203	141,524
Other payables and accruals (excluding other tax payables, and withholding tax)	–	55,406	–	–	55,406
Lease liabilities	3.45	6,121	6,976	14,440	27,537
		167,012	38,812	18,643	224,467
<i>As at 31 December 2024</i>					
Trade payables	2.75	81,033	31,650	18,743	131,426
Other payables and accruals (excluding payroll and welfare payables, other tax payables, and others)	–	2,979	–	–	2,979
Lease liabilities	3.92	3,237	3,671	10,305	17,213
		87,249	35,321	29,048	151,618

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, repurchase of shares or issue new shares. In the opinion of the directors of the Company, the Group's capital risk is low.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Critical accounting estimates

Estimates of average expected playing period of paying players ("Player Relationship Period") in the Group's self-development game revenue

As described in note 6, the Group recognises the revenues rateably over the lifespan of in-game virtual items determined by management with reference to the average expected Player Relationship Period for the mobile games whereas the Group acts as principal. The determination of average expected Player Relationship Period in each game is made based on the Group's best estimate that takes into account all known and relevant information at the time of assessment, including consideration of the stage of life of new games and the identification of events that may trigger changes in the average expected Player Relationship Period. Such estimates are subject to re-evaluation on a periodic basis or when any indication of change in the average expected Player Relationship Period is identified. Any adjustments arising from changes in the average expected Player Relationship Period as a result of new information will be accounted for as a change in accounting estimate on a prospective basis. Any such changes may result in revenue from online games being recognised on a basis different from prior periods' and may cause its operating results to fluctuate.

Impairment assessment of the CGUs of developments and operations of a baseball mobile game and a basketball mobile game

In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the value in use including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rate or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(i) Critical accounting estimates (CONTINUED)

Impairment assessment of the CGUs of developments and operations of a baseball mobile game and a basketball mobile game (CONTINUED)

The recoverable amounts of the CGUs of developments and operations of (i) a baseball mobile game and (ii) a basketball mobile game of the Group have been determined by the management of the Group by value in use calculation on the basis of these CGUs (2024: same). The value in use calculations use financial budgets based on past performance and expectation for development and operation of the relevant games, where the key input parameters include growth rates and discount rates. The Group estimates the recoverable amounts of these CGUs where the expected future cash flows arising from these CGUs differ from the original estimations, an impairment loss may arise. Details of the recoverable amount calculation are disclosed in note 18.

As at 31 December 2025, the carrying amount of the CGU of the said basketball mobile game is RMB4,665,000 (2024: RMB7,170,000) after an impairment loss of RMB4,475,000 recognised in the consolidated statement of comprehensive income during the year ended 31 December 2025. No impairment loss has been recognised in the consolidated statement of comprehensive income during the year ended 31 December 2024.

As at 31 December 2025, the carrying amount of the CGU of the said baseball mobile game is RMB24,553,000 (2024: RMB39,776,000) after an impairment loss of RMB5,129,000 (2024: RMB5,657,000) recognised in the consolidated statement of comprehensive income during the year ended 31 December 2025.

Estimation of impairment of trade and other receivables within the scope of ECL under HKFRS 9

The Group makes allowances on items subjects to ECL (including trade and other receivables) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period as set out in note 3.7(b). As at 31 December 2025, the aggregate carrying amounts of trade and other receivables amounted to RMB72,156,000 (2024: RMB72,095,000) (net of ECL allowance of RMB586,000 (2024: RMB586,000)).

The provision of ECL is sensitive to changes in estimates. When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and other receivables within the scope of ECL under HKFRS 9 and credit losses in the periods in which such estimate has been changed.

(ii) Critical accounting judgements

Contractual Arrangements

The Group conducts its business through the PRC Operating Entities. Due to the regulatory restrictions on the foreign ownership of the Listing Business in the PRC, the Group does not have any equity interest in Wangchen Technology. The Directors assessed whether or not the Group has control over the PRC Operating Entities by assessing whether it has the rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities. After assessment, the directors of the Company concluded that the Group has control over the PRC Operating Entities as a result of the Contractual Arrangements, and accordingly, the financial position and the operating results of the PRC Operating Entities are included in the Group's consolidated financial statements throughout the years ended 31 December 2025 and 2024. Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the PRC Operating Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the PRC Operating Entities. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations.

6. SEGMENT INFORMATION AND REVENUE

The Group is a mobile sports game developer, publisher and operator. Revenue from self-development games of the Group is derived principally from various arrangements, including game published by the Group through its platforms or third-party distribution channels (the “**Distribution Channels**”), and game published by other third-party game publishers (the “**Publishers**”) under various game distribution arrangements.

The Group’s business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM being the directors of the Company. As a result of this evaluation, the directors of the Company consider that the Group’s operations are operated and managed as a single segment, which is mobile sports game development and operation mainly in the PRC (including Chinese Mainland and Hong Kong), and no segment information is presented, accordingly.

(a) Revenue from online games published by the Group

The mobile games published by the Group which are operated under a free-to-play model whereby game players can download the games free of charge and are charged for the purchase of in-game virtual items via payment channels, such as various mobile carriers and third-party internet payment systems (collectively referred to as “**Payment Channels**”; Distribution Channels and Payment Channels, collectively referred to as “**Platforms**”). The Platforms are entitled to handling fees which are withheld and deducted from the gross proceeds collected from the game players, with the net amounts remitted to the Group. The payment received from game players regarding purchase of game tokens and other virtual items is non-refundable and the related contracts are non-cancellable.

The Group recognises the revenue from online games on a gross basis, with the commission charged by the Platforms as the cost of revenue. The revenue and the cost of revenue are recognised rateably over the lifespan of in-game virtual items determined by management with reference to the average expected Player Relationship Period, given there is an implicit obligation of the Group to maintain and allow access of the users of the games operated by the Group.

(b) Revenue from online games published by Publishers under game distribution arrangements

The Group grants Publishers the rights to publish its mobile games through Publisher’s own platforms, including web-based portals, or other platforms, including online application stores installed in mobile devices.

These games are also under free-to-play model whereby game players can play the games free of charge and are charged for the purchase of game tokens or other virtual items. Proceeds earned from selling game tokens and other virtual items are collected by the Publishers or its designated Platforms and shared between the Group and the Publishers based on pre-determined rates.

6. SEGMENT INFORMATION AND REVENUE (*CONTINUED*)

(b) Revenue from online games published by Publishers under game distribution arrangements (*CONTINUED*)

With respect to the arrangement that the Group is responsible for providing game products, technical supports and upgrades, other daily game operations and the rights to determine the ultimate pricings of in-game virtual items, while the Publishers are only responsible for publishing, providing payment solutions, customer services and promotion. The Group considers the Publishers as agents in the transactions.

The Group recognises revenue from online games on a gross basis, with the commission charged by the Platforms and revenue sharing to the Publishers as the cost of revenue. The revenue and the cost of revenue are recognised rateably over the lifespan of in-game virtual items determined by management with reference to the average expected Player Relationship Period, given there is an implicit obligation of the Group to maintain and allow access of the users of the games operated by the Group.

(c) Performance obligations for contracts with customers and revenue recognition policies

As the Group is acting as a principal to the game players, it has determined that it is obligated to provide ongoing services to the game players who purchased virtual items to gain an enhanced game-playing experience over an average playing period of the paying players, and accordingly, the Group recognises the revenues rateably over the lifespan of in-game virtual items determined by management with reference to the average expected Player Relationship Period, starting from the point in time when game tokens or other virtual items are delivered to the players' accounts, and all other revenue recognition criteria are met. As the games are under a free-to-play model and revenue is generated from paying players when they purchase game points for in-game virtual items, the Group focuses on the average expected playing period of paying players when estimating the period over which revenue is being recognised.

For the purposes of determining when services have been provided to the respective paying players, the Group has determined that durable virtual items are accessible and beneficial to paying players over an extended period of time. Revenue is recognised rateably over the average life of durable virtual items for the applicable game, which the Group makes best estimates to be lifespan of in-game virtual items determined by management with reference to the average expected Player Relationship Period.

6. SEGMENT INFORMATION AND REVENUE (CONTINUED)

(c) Performance obligations for contracts with customers and revenue recognition policies (CONTINUED)

For the average expected Player Relationship Period, the Group tracks each of the paying players' purchases and log in histories for each significant game to estimate the average playing period of the paying players. If a new game is launched and only a limited period of paying player data is available, then the Group considers other qualitative factors, such as the playing patterns of paying users for other games with similar characteristics. The average expected Player Relationship Period is assessed on a game-by-game basis.

If the Group does not have the ability to differentiate revenue attributable to durable virtual items from consumable virtual items for a specific game, the Group recognises revenue from both durable and consumable virtual items for that game rateably over the average expected Player Relationship Period.

While the Group believes its estimates to be reasonable based on available game player information, it may revise such estimates in the future as the games' operation periods change, sufficient individual game data become available, or there is indication that the similarities in characteristics and playing patterns of paying players of the games change. Any adjustments arising from changes in average expected Player Relationship Period would be applied prospectively on the basis that such changes are caused by new information indicating a change in game player behaviour patterns.

(d) Disaggregation of revenue from contracts with customers

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

	2025 RMB'000	2024 RMB'000
Web-based and mobile online game revenue – recognised over time	922,292	775,918

The Group has a large number of game players. No revenue from any individual game player exceeded 10% or more of the Group's revenue during the years ended 31 December 2025 or 2024.

The Group's non-current assets other than financial instruments and deferred tax assets by the geographical location in which the asset is located, is as follows:

	2025 RMB'000	2024 RMB'000
Chinese Mainland	71,864	69,919
Hong Kong	65,046	70,964
	136,910	140,883

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7. OTHER (LOSSES)/GAINS, NET

	2025 RMB'000	2024 RMB'000
Gain on disposal of property, plant and equipment	–	5
Gain on termination of leases	605	–
Written off of trade and other receivables	(544)	–
Impairment loss under ECL model, net (note 20)	–	(249)
Fair value gains on financial assets measured at FVTPL (note 23)	3,529	636
Exchange (loss)/gain, net	(7,321)	720
Others	(333)	(375)
	(4,064)	737

8. OTHER INCOME

	2025 RMB'000	2024 RMB'000
Government grants (note)	3,605	2,478
Bank interest income	8,373	6,826
Value-added tax refund	–	136
Others	2,861	3,238
	14,839	12,678

Note: The amounts represent the Group's entitlement to subsidies for technological innovation received from the local government grants in the Chinese Mainland. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

9. PROFIT BEFORE TAX

	2025 RMB'000	2024 RMB'000
Profit for the period has been arrived at after charging:		
Staff costs:		
Directors' emoluments	5,144	4,271
Other staff costs		
Wages, salaries and bonuses	169,344	146,492
Social security costs, housing provident fund and other staff cost	43,620	35,571
Share-based payment expenses	21,779	13,045
Total staff costs	239,887	199,379
Impairment of intangible assets (included in cost of revenue)	9,604	5,657
Auditor's remuneration:		
Audit services	1,245	1,779
Non-audit services	138	509
Total auditor's remuneration	1,383	2,288
Depreciation of property, plant and equipment	3,055	3,561
Depreciation of right-of-use assets	5,232	6,160
Amortisation of intangible assets	53,907	43,550
Total depreciation and amortisation	62,194	53,271

10. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

(a) Benefits and interests of directors

Names	Salary RMB'000	Discretionary bonus RMB'000	Social security costs and housing benefits and other employee benefits RMB'000	Total RMB'000
Year ended 31 December 2025				
<i>Executive directors</i>				
Jia Xiaodong (chief executive director)	1,121	396	127	1,644
Li Xin	1,074	396	89	1,559
Huang Xiang	1,005	396	104	1,505
	3,200	1,188	320	4,708
<i>Independent non-executive directors</i>				
Zhan Peixun	144	–	–	144
Leung Ming Shu (note i)	72	–	–	72
Chak Hoi Kee Clara	144	–	–	144
Jiang Xueying (note ii)	76	–	–	76
	436	–	–	436
Total	3,636	1,188	320	5,144
Year ended 31 December 2024				
<i>Executive directors</i>				
Jia Xiaodong (chief executive director)	980	342	122	1,444
Li Xin	974	340	86	1,400
Huang Xiang	884	–	111	995
	2,838	682	319	3,839
<i>Independent non-executive directors</i>				
Zhan Peixun	144	–	–	144
Leung Ming Shu	144	–	–	144
Chak Hoi Kee Clara	144	–	–	144
	432	–	–	432
Total	3,270	682	319	4,271

Notes:

- (i) Mr. Leung Ming Shu retired as independent non-executive director of the Company on 20 June 2025.
- (ii) Ms. Jiang Xueying appointed as independent non-executive director of the Company on 20 June 2025.

10. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(a) Benefits and interests of directors (CONTINUED)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

No directors waived any emolument for the year ended 31 December 2025 or 2024. No director fee was paid to these directors in their capacity as directors of the Company or the companies comprising the Group for the year ended 31 December 2025 or 2024. No emoluments were paid by the Company or the companies comprising the Group as an inducement to join the Company or the companies comprising the Group, or as compensation for loss of office for the year ended 31 December 2025 or 2024.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2024: two) directors whose emoluments are reflected in analysis shown in note (a) above. The emoluments payable to the remaining three (2024: three) individuals during the year are as follows:

	2025 RMB'000	2024 RMB'000
Basic salaries	3,617	2,957
Discretionary bonus	3,488	734
Other social security costs and housing benefits	422	280
Share-based payment expenses	15,238	9,653
Total	22,765	13,624

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
HK\$1,000,001 to HK\$1,500,000	–	2
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$12,000,001 to HK\$12,500,000	–	1
HK\$20,000,001 to HK\$25,000,000	1	–
Total	3	3

10. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(c) Director's retirement benefits and termination benefits

None of the directors received or will receive any termination benefits during the years ended 31 December 2025 or 2024.

(d) Consideration provided to third parties for making available director's services

For the years ended 31 December 2025 and 2024, the Company did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporates by and controlled entities with such directors

Save as disclosed in note 31 in this report, there is no loans, quasi-loans and other dealing arrangement in favor of directors, or controlled body corporates and connected entities of such directors for the years ended 31 December 2025 or 2024.

(f) Directors' material interest in transactions, arrangements or contracts

There is no significant transactions, arrangements and contracts in relation to the Group's business in which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly subsisted at the end of the year or at any time during the years ended 31 December 2025 or 2024.

11. FINANCE COST

	2025 RMB'000	2024 RMB'000
Lease liabilities (note 17)	698	328
Imputed interest arising from trade payables	3,626	3,637
	4,324	3,965

12. INCOME TAX EXPENSES

The income tax expenses of the Group for the years ended 31 December 2025 and 2024 is analysed as follows:

	2025 RMB'000	2024 RMB'000
Current tax		
– PRC Enterprise Income Tax (“EIT”)	4,701	2,660
– Hong Kong profits tax	2,951	–
– Singapore corporate income tax	39	–
	7,691	2,660
Deferred income tax (note 22)	(3,164)	(1,281)
Income tax expenses	4,527	1,379

Hong Kong Income Tax

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2,000,000 of taxable profits of qualifying group entity will be taxed at 8.25%, and taxable profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% for the years ended 31 December 2025 and 31 December 2024 on the assessable profits.

PRC EIT

The income tax provision of the Group in respect of its operations in the PRC was calculated at the tax rate of 25% for the years ended 31 December 2025 and 31 December 2024 on the assessable profits, except for stated below, based on the existing legislation, interpretations and practices in respect thereof.

Wangchen Technology was subject to EIT rate of 15% (2024: 15%) for the year ended 31 December 2025. Preferential tax rate of 15% is subject to requirement of the “Preferential Enterprise Income Tax Treatment for Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone”.

The WFOE has fulfilled the requirement of the “Notice of the State Council on Printing and Distributing Several Policies for Promoting the High-quality Development of the Integrated Circuit Industry and Software Industry in the New Era” (Guo Fa [2020] No.8) and it is subject to a reduced preferential EIT tax rate of 12.5% (2024: 12.5%) for the year ended 31 December 2025.

Singapore Corporate Income Tax

The income tax provision of the Group in respect of its operations in the Singapore was calculated at the tax rate of 17% for the years ended 31 December 2025 and 2024 on the assessable profits.

PRC Withholding Tax (“WHT”)

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

During the years ended 31 December 2025 and 2024, the Group did not require its subsidiaries established in the PRC to distribute their retained earnings to foreign investors, and the Group is able to control the timing of the reversal of the temporary differences arising from the unremitted earnings of these PRC subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future. Accordingly, no deferred income tax liability on WHT was accrued as at the end of each reporting period.

12. INCOME TAX EXPENSES (CREDITS) (CONTINUED)

PRC Withholding Tax (“WHT”) (CONTINUED)

The tax expenses on the Group’s profit before tax differs from the theoretical amount that would arise using the PRC statutory income tax rate as follows:

	2025 RMB’000	2024 RMB’000
Profit before tax	100,374	85,525
Tax calculated at PRC statutory tax rate of 25%	25,094	21,382
Tax effects of:		
Differential income tax rates applicable to subsidiaries	(5,419)	(1,729)
Share of results of an associate	(449)	(327)
Super Deduction for research and development expenses (note)	(24,416)	(24,135)
Income not taxable for tax purposes	(5,423)	(1,445)
Expenses not deductible for tax purpose	16,571	8,351
Tax losses for which no deferred income tax was recognised	139	231
Utilisation of previously unrecognised tax losses	(1,570)	(949)
	4,527	1,379

Note: According to the relevant laws and regulations promulgated by the PRC State Administration of Taxation made effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim up to 200% (2024: 200%) of their qualified research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (“**Super Deduction**”). The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining their assessable profits during the years ended 31 December 2025 and 2024.

13. EARNINGS PER SHARE

(a) Basis earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Profit attributable to the owners of the Company (RMB'000)	95,886	84,159
Weighted average number of ordinary shares in issue (excluded treasury shares) (thousand shares)	134,097	133,157
Basic earnings per share attributable to the owners of the Company (RMB per share)	0.72	0.63

(b) Diluted earnings per share

	2025
Profit attributable to the owners of the Company (RMB'000)	95,886
Weighted average number of ordinary shares in issue (excluded treasury shares) (thousand shares)	134,097
Effect of dilutive potential ordinary shares for diluted earnings per share	2,003
Weighted average number of ordinary shares for diluted earnings per share	136,100
Diluted earnings per share attributable to the owners of the Company (RMB per share)	0.70

For the year ended 31 December 2025, the calculation of the diluted earnings per share has taken into account the issuance of share awards of the Company under the 2023 Share Award Scheme (note 32).

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2024 for a dilution as the impact of the dilutive potential ordinary shares in issue resulting from the unvested share awards during this year is minimal.

14. DIVIDENDS

No dividend was declared or paid by the Company during the year ended 31 December 2025 to its equity holders.

During the year ended 31 December 2024, the Company recognised the following dividend as distribution (other than an amount of RMB1,271,000 attributable to the shares held under the share award schemes of the Company as set out in note 32):

	2025 RMB'000	2024 RMB'000
Final dividend for the year ended 31 December 2023 of RMB18.82 cents per ordinary share	–	24,700

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15. PRINCIPAL SUBSIDIARIES

The following is a list of principal subsidiaries (including those under contractual arrangements) as at 31 December 2025 and 2024:

Name of subsidiaries	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid-in capital	Equity interest held by or attributable to the Group	
				2025	2024
Gala Sports Technology Limited 望塵體育科技有限公司	Hong Kong, limited liability company	Mobile sports game development, publishing and operation, the PRC	HK\$10,000	100%	100%
Shenzhen Wangchen Moji Technology Co., Ltd 深圳市望塵莫及科技有限公司 (note i)	The PRC, limited liability company	Technical support, consulting and other services, the PRC	RMB42,000,000	100%	100%
Shenzhen Wangchen Technology Co., Ltd 深圳市望塵科技有限公司 (notes i and ii)	The PRC, limited liability company	Mobile sports game development, publishing and operation, the PRC	RMB11,777,778	100%	100%

Notes:

- (i) The English name of certain companies referred herein represent management's best effort at translating the Chinese names of those companies as no English names have been registered.
- (ii) The Group's control over, and beneficial interest in the equity of, the entity exists by virtue of the Contractual Arrangements entered into with the then shareholders of the entity, which is established as limited liability companies under PRC law. The Group does not hold ownership interest in the registered capital of Wangchen Technology. However, under the Contractual Arrangements, the Group controls the entity by way of controlling all voting rights in owners' meetings of the entity and governing its financial and operating policies. Under the Contractual Arrangements, the entity shall pay a service fee to the Group, which consisted of 100% of the total consolidated profit, after the deduction of any accumulated deficit of the entity and their affiliated entities in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions. In addition, the owners of the registered capital of the entity have irrecoverably authorised Shenzhen Wangchen Moji to exercise all their voting rights in the entity, including the appointment and removal of the directors of these entities. As a result, the entity is regarded as the subsidiary under the control of the Group. Accordingly, the results of the entity, if any, and its assets and liabilities are included in the consolidated financial statements.

16. PROPERTY, PLANT AND EQUIPMENT

	Computers and other equipment RMB'000	Furniture and fixtures RMB'000	Leasehold improvement RMB'000	Total RMB'000
COST				
At 1 January 2024	5,499	469	3,994	9,962
Additions	1,598	444	3,583	5,625
Disposals	(6)	–	–	(6)
At 31 December 2024 and 1 January 2025	7,091	913	7,577	15,581
Additions	2,482	221	2,663	5,366
Disposals	(38)	–	–	(38)
Written off	–	–	(3,391)	(3,391)
At 31 December 2025	9,535	1,134	6,849	17,518
ACCUMULATED DEPRECIATION				
At 1 January 2024	2,327	249	3,151	5,727
Provided for the year (note 9)	1,814	331	1,416	3,561
Eliminated on disposals	(6)	–	–	(6)
At 31 December 2024 and 1 January 2025	4,135	580	4,567	9,282
Provided for the year (note 9)	1,903	166	986	3,055
Eliminated on disposals	(38)	–	–	(38)
Written off	–	–	(3,391)	(3,391)
At 31 December 2025	6,000	746	2,162	8,908
CARRYING VALUES				
At 31 December 2025	3,535	388	4,687	8,610
At 31 December 2024	2,956	333	3,010	6,299

17. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Right-of-use assets		
Properties	24,131	14,656
Lease liabilities		
Non-current	20,316	12,489
Current	5,321	2,664
	25,637	15,153
	2025 RMB'000	2024 RMB'000
Depreciation of right-of-use assets (note 9)	5,232	6,160
Interest expense	698	328

The total cash outflow for leases during the year was RMB4,316,000 (2024: RMB8,129,000), including payment of principal elements and interest elements of lease liabilities and short-term leases.

The Group leases various properties as its offices. Rental contracts are typically made for fixed periods of 2 to 5 years (2024: 1 to 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor nor pledge as security for borrowing purposes.

As at 31 December 2025, the Group entered into four (2024: three) new leases for offices with remaining lease terms from 0.3 years to 3.75 years (2024: 0.3 years to 4.75 years). These leases do not contain option to renew the lease and are subjected to monthly fixed rental payment.

During the year ended 31 December 2025, the Group has early terminated one lease of office of RMB4,447,000 in lease liabilities and RMB3,842,000 in right-of-use assets. (2024: Nil).

The maturity analysis of lease liabilities is disclosed in note 4.1(c) in this report as at 31 December 2025 and 2024.

The Group has applied an exemption to HKFRS 16 "Leases" on certain short-term leases where the lease terms are within 1 year or less. For the leases where the exemption applied, no lease expenses are recognised as expenses relating to short-term leases in the general and administrative expenses as incurred for the year (2024: RMB83,000).

18. INTANGIBLE ASSETS

	Licenses RMB'000	Software RMB'000	Total RMB'000
COST			
At 1 January 2024	239,106	1,701	240,807
Additions	48,943	–	48,943
At 31 December 2024 and 1 January 2025	288,049	1,701	289,750
Additions	45,854	103	45,957
Written off	(148,635)	–	(148,635)
At 31 December 2025	185,268	1,804	187,072
AMORTISATION AND IMPAIRMENT			
At 1 January 2024	146,852	1,071	147,923
Provided for the year (note 9)	43,151	399	43,550
Impairment for the year (note 9)	5,657	–	5,657
At 31 December 2024 and 1 January 2025	195,660	1,470	197,130
Provided for the year (note 9)	53,703	204	53,907
Written off	(148,635)	–	(148,635)
Impairment for the year (note 9)	9,604	–	9,604
At 31 December 2025	110,332	1,674	112,006
CARRYING VALUES			
At 31 December 2025	74,936	130	75,066
At 31 December 2024	92,389	231	92,620

Due to the unexpected slower pace of growth of paying players of a baseball mobile game developed and launched during the year ended 31 December 2023, the Group experienced drop in business performance and suffered losses from developments and operations of this game for the years ended 31 December 2024 and 2025. In addition, the Group also noticed declines in gross billings in a basketball mobile game during the years ended 31 December 2025 and 2024. The management of the Group has therefore identified certain non-current assets arising mainly from capitalising fixed royalty fee under certain licensing arrangements for these games (the “**Identified Assets**”) have indications of impairment losses.

The estimation of recoverable amounts of these games as at 31 December 2025 was based on the value in use of these CGUs of baseball mobile game and basketball mobile game to which the Identified Assets belong to. The value in use calculations use cash flow projections based on financial budgets approved by the management of the Group covering the license fee contracts period and a pre-tax discount rate of 24.1% (2024: 24.5%) for the CGU of the baseball mobile game and 24.1% (2024: not applicable) for the CGU of the basketball mobile game. The value in use calculations were determined by the management of the Group with the assistance of an independent qualified professional valuer appointed thereby.

The financial budgets are based on past performances and expected growth rate for developments and operations of similar sports mobile games of the Group.

The management of the Company have assessed the cash flow projection and other input parameters in the value in use calculations of the two CGUs as set out above, which resulted in recognition impairment of the Identified Assets in the CGUs of the developments and operations of (i) a baseball mobile game and (ii) a basketball mobile game of the Group amounting to RMB5,129,000 (2024: RMB5,657,000) and RMB4,475,000 (2024: RMB Nil), respectively, for the year ended 31 December 2025.

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18. INTANGIBLE ASSETS (CONTINUED)

The recoverable amounts are assessed to be above the carrying amount of the Identified Assets of CGU are RMB24,553,000 (2024: RMB45,433,000) from a baseball mobile game and RMB4,665,000 (2024: Not applicable) from a basketball game of the Group as at 31 December 2025. Management of the Group believes that any reasonably possible change in any of these assumptions would not result in impairment.

19. INTEREST IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Cost of investments, unlisted	24,000	24,000
Share of post-acquisition profits and other comprehensive income, net of dividends received	3,103	1,308
	27,103	25,308

Movements in interest in the associate are as follows:

	2025 RMB'000	2024 RMB'000
As at 1 January	25,308	–
Capital injection	–	24,000
Share of profit	1,795	1,308
As at 31 December	27,103	25,308

Details of the Group's associate at the end of the reporting period are as follows:

Name	Paid-in capital	Proportion of ownership interest held by the Group		Principal activity
		2025	2024	
Established in the PRC:				
深圳遠望創星創業投資合夥企業 (有限合夥) (“遠望創星” (“Yuanwang Chuangxing”))	RMB51,510,000 (2024: RMB48,510,000)	46.59%	49.47%	Fund investments

During the years ended 31 December 2024, the Group established “遠望創星” in the Chinese Mainland with two independent third parties for an initial investment cost of RMB24,000,000 (2024: RMB24,000,000). The assets of the investee principally include investments in funds and equity investments in private entities in the Chinese Mainland. The Group's investment in the investee is accounted for as interest in an associate as the directors of the Company consider the Group has significant influences therein.

The paid-in capital increased from RMB48,510,000 as at 31 December 2024 to RMB51,510,000 as at 31 December 2025. During the year ended 31 December 2025, the other investor of Yuanwang Chuangxing made a capital contribution of RMB3,000,000. As a result, the Group's shareholding was diluted from 49.47% as at 31 December 2024 to 46.59% as at 31 December 2025.

The Group considers the associate is not individually material nor principally affected the results or net assets of the Group.

20. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	62,480	62,877
Less: allowance for credit losses (note 4.1(b)(ii))	(586)	(586)
Trade receivables, net	61,894	62,291

Notes:

- (i) The credit terms of trade receivables granted by the Group are normally from 30 to 90 days. An aging analysis of trade receivables based on recognition date is as follows:

	2025 RMB'000	2024 RMB'000
Up to 3 months	61,728	62,248
More than 3 months	752	629
	62,480	62,877

- (ii) Movements on the Group's provision for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of the year	586	356
Provision for impairment, net (note 7)	–	249
Written off	–	(19)
At end of the year	586	586

The provisions for impaired trade receivables have been included in "other (losses)/gains, net" in the consolidated statement of comprehensive income. Further details for impairment assessment of trade receivables are set out in note 4.1(b)(ii).

- (iii) The Group's trade receivables were denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	24,407	20,782
USD	36,131	38,619
HKD	1,942	3,476
	62,480	62,877

- (iv) As at 31 December 2025 and 2024, the fair values of trade receivables approximated their carrying amounts. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the net receivable balance. The Group does not hold any collateral as security.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayment for selling and marketing expenses	9,054	4,844
Other prepayments	6,705	6,122
Deposits	3,759	3,104
Loan receivables	4,012	5,112
Other receivables	2,491	1,588
	26,021	20,770
Analysed as:		
Non-current	4,740	3,177
Current	21,281	17,593
	26,021	20,770

The maximum exposure to credit risk as of 31 December 2025 and 2024 was the carrying value of each class of receivable mentioned above. The Group did not hold any collateral as security. The carrying amounts of the financial assets at amortised cost approximate to their fair values and are mainly denominated in RMB and USD.

As at 31 December 2025 and 2024, the expected loss rate for deposits and other receivables is negligible. Loan receivables as at 31 December 2025 and 2024 represents loans to certain staff of the Group, which are unsecured, interest-free, not past due or credit-impaired and repayable within one year from the end of the respective reporting periods.

22. DEFERRED INCOME TAX

The following are the major deferred income tax assets/(liabilities) recognised and movements thereon during the current and prior years taking into consideration the offsetting of balances within the same tax jurisdiction:

	Contract liabilities RMB'000	Lease liabilities RMB'000	Contract costs RMB'000	Right-of-use assets RMB'000	Others RMB'000	Intangible assets RMB'000	Total RMB'000
At 1 January 2024	2,933	623	(721)	(530)	53	-	2,358
Recognised/(credited) in profit or loss	1,757	1,393	(481)	(1,416)	28	-	1,281
At 31 December 2024 and 1 January 2025	4,690	2,016	(1,202)	(1,946)	81	-	3,639
Recognised/(credited) in profit or loss	1,028	1,339	(329)	(1,214)	-	2,340	3,164
At 31 December 2025	5,718	3,355	(1,531)	(3,160)	81	2,340	6,803

At the end of the reporting period, the Group has unused tax losses of RMB4,591,000 (2024: RMB10,484,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. As at 31 December 2025, other than the amounts of RMB4,591,000 (2024: RMB4,203,000) that will be expired in 2026 to 2030 (2024: in 2025 to 2029), the remaining balances of these unrecognised tax losses have no expiry dates and may be carried forward indefinitely.

22. DEFERRED INCOME TAX (CONTINUED)

At the end of the reporting period, the Group has taxable temporary differences associated with undistributed earnings of the subsidiaries established in the Chinese Mainland of RMB346,931,000 (2024: RMB262,090,000). No deferred tax liability has been recognised for these undistributed earnings because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER COMPREHENSIVE INCOME

	Notes	2025 RMB'000	2024 RMB'000
Financial assets at FVTPL			
Wealth management products	23.1	14,096	14,414
Listed equity investments		14,019	–
		28,115	14,414
Financial assets at FVOCI			
Unlisted equity investments	23.2	4,000	–

23.1 Fair value through profit or loss

The wealth management products as at 31 December 2025 and 2024 are issued by banks in Hong Kong that are non-principal guaranteed with floating return and principally invest in cash and money market instruments with good liquidity.

23.2 Fair value through other comprehensive income (non-recycling)

The Group designated its investment in these unlisted equity investments as FVOCI (non-recycling), as these investments are held for the strategic purpose.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER COMPREHENSIVE INCOME (CONTINUED)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (CONTINUED)

The following tables present the Group's financial instruments that are measured at fair value as at 31 December 2025 and 31 December 2024 by fair value hierarchy:

Financial assets	Fair value at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2025 RMB'000	2024 RMB'000				
Financial assets at FVTPL						
Wealth management products	14,096	14,414	Level 2	Price provided by the financial institution with reference to underlying investment portfolios which have observable quoted price in active markets	N/A	N/A
Listed equity investments	14,019	-	Level 1	N/A	N/A	N/A
Unlisted equity investments	4,000	-	Level 3	Net asset value	Adjustments to net asset value for fair value of underlying assets and liabilities	Positive adjustments increase fair value, vice versa

Fair value measurements and valuation processes

The unlisted equity investments have been set up by the Group and other independent third parties in November 2025. The management considered that the investment entity is in starting process and the fair value of the unlisted equity investments approximated their carrying amounts, which represented the capital contribution made by the Group as at 31 December 2025.

The investment amount of RMB4,000,000 had been invested in the unlisted equity investments during the year ended 31 December 2025. No investment in unlisted equity investments during the year ended 31 December 2024.

There were no transfers between Level 1, 2 and 3 during the years ended 31 December 2025 and 2024.

24. CONTRACT COSTS AND CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Contract costs		
Cost charged by the Platforms and Publishers	17,317	13,940
Contract liabilities		
Unamortised revenue	(61,875)	(51,710)
	(44,558)	(37,770)

Notes:

- (i) Contract costs are mainly related to unamortised commissions charged by the Platforms and unamortised revenue sharing to the Publishers. Contract liabilities primarily consist of the unamortised revenue from sales of game tokens and virtual items for mobile games, where there is still an implied obligation to be provided by the Group over time. The Group expects to deliver the services to satisfy the remaining performance obligation of these contract liabilities within one year or less.
- (ii) The significant increase of contract liabilities as at 31 December 2025 and 2024 are mainly due to more revenue deferred from sales of game tokens and virtual items for mobile games.
- (iii) The following table shows the amount of revenue recognised in the consolidated statement of comprehensive income for the respective years relating to contract liabilities brought forward:

	2025 RMB'000	2024 RMB'000
<i>Revenue recognised that was included in the contract liabilities balance at the beginning of the year</i>		
Web-based and mobile online games	51,710	30,707

- (iv) The Group recognises contract costs in relation to commissions charged by the Platforms and the revenue shared to the Publishers, which meet contract acquisition cost and fulfilment cost criteria, respectively, when the Group views the game players as its customer and that is incremental cost of acquiring a customer contract. They are capitalised as contract acquisition cost and fulfilment costs and amortised over the Player Relationship Period, which is consistent with the pattern of recognition of the associated revenue. The Group had no impairment losses recognised on any contract costs.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.01% to 3.62% (2024: 0.10% to 4.55%).

As at 31 December 2025 and 2024, the Group's cash and bank balances were denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	189,616	169,003
USD	219,322	193,958
HKD	22,943	7,187
SGD	20,618	7,528
	452,499	377,676

Funds of the Group amounted to RMB188,480,000 as at 31 December 2025 (2024: RMB160,703,000) are kept in the bank accounts with banks in the Chinese Mainland where the remittance of funds is subject to foreign exchange control.

26. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital HK\$'000	Share capital RMB'000
<i>Ordinary shares of the Company of HK\$0.01 each</i>			
Authorised:			
As at 1 January 2024, 31 December 2024 and 31 December 2025	10,000,000,000	100,000	82,570
Issued and fully paid:			
As at 1 January 2024 and 31 December 2024	138,000,000	1,380	1,186
Issuance of new shares pursuant to the 2023 Share Award Scheme (note i)	4,742,928	47	45
As at 31 December 2025	142,742,928	1,427	1,231

Notes:

- (i) In April 2025, the Company issued 4,742,928 new ordinary shares to the trust held for the share award scheme for the purpose of satisfying the grant of 4,742,928 awarded shares pursuant to the 2023 Share Award Scheme to 61 Employee Participants (the "Grantees") on 11 July 2024.

26. SHARE CAPITAL OF THE COMPANY (CONTINUED)

Shares repurchased

Included in the share capital of the Company as at 31 December 2025 was 32,800 shares (2024: 32,800 shares) held as treasury shares.

	Number of shares
As at 1 January 2024	–
Shares repurchased in November 2024	20,800
Shares repurchased in December 2024	12,000
As at 31 December 2024, 1 January 2025 and 31 December 2025	32,800

27. TRADE PAYABLES

Trade payables due to third parties primarily consist of the license fee and royalty fee payable to the licensors for the rights to use the intellectual properties of certain sports athletes in the Group's developed games in specified geographic areas for certain period of time.

The credit terms of trade payables granted by the Group are normally from 30 to 90 days. The aging analysis of trade payables based on recognition date is as follows:

	2025 RMB'000	2024 RMB'000
0 – 365 days	96,277	64,795
1 – 2 years	34,375	56,173
Over 2 years	4,846	9,420
	135,498	130,388
Analysed as:		
Current	100,480	81,440
Non-current	35,018	48,948
	135,498	130,388

As at 31 December 2025 and 2024, the fair value of trade payables approximated their carrying amount.

28. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Payable for selling and marketing expenses	8,390	542
Payroll and welfare payables	42,017	31,974
Other tax payables	7,319	7,315
Accrued expenses	4,999	2,437
Withholding tax	9,887	9,586
	72,612	51,854

As at 31 December 2025, accrued expenses mainly represents advertising fee.

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000
At 1 January 2024	4,660
Cash flows	(6,642)
Interest expense	328
New leases entered	16,807
At 31 December 2024 and 1 January 2025	15,153
Cash flows	(4,316)
Interest expense	698
New leases entered	18,549
Termination of leases	(4,447)
At 31 December 2025	25,637

(b) Non-cash transactions

- (i) The considerations of purchase of intangible assets at RMB45,957,000 (2024: RMB48,943,000) during the years ended 31 December 2025 and 2024 are deferred and settled by instalments and included in trade payables at the end of the reporting period. Settlements of such considerations are presented as "purchase of intangible assets" under investing activities of the consolidated statement of cash flows.
- (ii) During the year ended 31 December 2025, the Group entered into certain lease contracts related to offices, in which additions to right-of-use assets and lease liabilities amounting to RMB18,549,000 (2024: RMB16,807,000) was recognised at the lease commencement date.

30. FINANCIAL INSTRUMENTS BY CATEGORY

	2025 RMB'000	2024 RMB'000
Assets as per consolidated statement of financial position		
Financial assets measured at amortised costs		
– Trade receivables (note 20)	61,894	62,291
– Deposits and other receivables (excluding prepayments) (note 21)	10,262	9,804
– Cash and cash equivalents (note 25)	452,499	377,676
Financial assets at fair value through profit or loss (note 23)	28,115	14,414
Financial assets at fair value through other comprehensive income (note 23)	4,000	–
	556,770	464,185
Liabilities as per consolidated statement of financial position		
Financial liabilities measured at amortised cost		
– Trade payables (note 27)	135,498	130,388
– Other payables and accruals (excluding payroll and welfare payables, other tax payables and others) (note 28)	55,406	2,979
– Lease liabilities (note 17)	25,637	15,153
	216,541	148,520

31. RELATED PARTY TRANSACTIONS

The following transactions were carried out between the Group and its related parties during the years ended 31 December 2025 and 2024. The related party transactions were at terms mutually agreed between the Group and the respective related parties.

Key management compensation

Key management includes executive directors and senior management. The compensation paid or payable to key management, including directors' remuneration, is shown below:

	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	9,310	6,027
Other social security costs and housing benefits and other employee benefits	425	424
Share-based payment expenses	15,119	9,575
Total	24,854	16,026

32. SHARE – BASED COMPENSATION

(a) Share Option Scheme

A share option scheme (the “**Share Option Scheme**”) was adopted by the Company on 21 December 2022 (the “**Option Adoption Date**”), pursuant to which the Company may grant options to eligible participants to subscribe for shares subject to the terms and conditions stipulated therein.

Since the Option Adoption Date and during the years ended 31 December 2025 and 2024, no share options were granted under the Share Option Scheme.

(b) 2023 Share Award Scheme

On 14 December 2023, the Company adopted a share award scheme (the “**2023 Share Award Scheme**”), pursuant to which the board of directors of the Company may, in its discretion, grant share awards to the eligible participants, including employees of the Group (other than its core connected persons thereof, such as its directors and chief executive officer) and employees of the holding companies, fellow subsidiaries or associated companies of the Company (but excluding core connected persons of these entities, such as chief executive officers, directors and others as specified therein). The purposes of the 2023 Share Award Scheme are to (i) recognise and reward the contribution of the eligible participants to the growth and development of the Group and to provide incentives to them to retain their continued service to the operation and development of the Group; and (ii) to attract suitable talents for the further development of the Group. The total number of shares which may be issued in any financial year in respect of all options and awards to be granted under the 2023 Share Award Scheme and other share schemes of the Company (as set out below) shall not exceed 5% of the total number of shares of the Company in issue as at the date of adoption or the date on which the refreshment of such limit has been approved. The vesting date in respect of any award shall be not less than 12 months from the grant date, unless certain conditions as set out in the 2023 Share Award Scheme have been fulfilled. The Group may determine and specify the purchase price of the awarded shares (i.e. the price payable by a selected person to purchase the awarded shares), if any, based on considerations such as the prevailing closing price of the shares of the Company, the purpose of the award and the characteristics and profile of the selected person. The 2023 Share Award Scheme shall be valid and effective for a period of ten years from the adoption date unless the board of directors of the Company decides to terminate it in accordance with the rules of the scheme.

During the year ended 31 December 2024, 4,742,928 share awards had been granted to certain eligible participants on 11 July 2024 with vesting periods ranging from 1 to 3 years from the date of grant. The estimated fair values of the share awards granted was determined based on the market value of the Company’s shares at the grant date. The vested shares will be transferred to the relevant grantees at no cost except that the expenses in respect of the transfer of such shares of the Company shall be borne by the grantees. No additional share awards has been granted during the year ended 31 December 2025. As at 31 December 2025, the number of shares which had been remained unvested under the 2023 Share Award Scheme was 3,119,597 (2024: granted and remained unvested: 4,725,030), representing 2.3% (2024: 3.5%) of the weighted average number of ordinary shares during the year.

32. SHARE – BASED COMPENSATION (CONTINUED)

(b) 2023 Share Award Scheme (CONTINUED)

The following table discloses movements of the 2023 Share Award Scheme held by the eligible participants during the years ended 31 December 2025 and 2024:

	Weighted average grant date fair value HK\$	Number of Awards
Outstanding at 1 January 2024	–	–
Granted during the year	3.44	4,742,928
Lapsed during the year	3.44	(17,898)
At 31 December 2024 and 1 January 2025		4,725,030
Vested during the year	3.44	(1,369,181)
Lapsed during the year	3.44	(236,252)
Outstanding at 31 December 2025	3.44	3,119,597

(c) Executive Aligned Share Award Scheme

On 15 December 2023, the Company adopted another share award scheme (the “**Executive Aligned Share Award Scheme**”), pursuant to which the board of directors of the Company may, in its discretion, grant share awards to the eligible participants that are officers or directors of the Company and any person determined by the board of directors of the Company to be eligible to participate in this scheme. The purposes of the Executive Aligned Share Award Scheme are to (i) recognise and acknowledge the contribution that the eligible participants have made or may make to the Group; and (ii) reward the eligible participants who have achieved outstanding performance in order to attract suitable talents to drive the further development of the Group. The total number of shares of the Company to be granted under the Executive Aligned Share Award Scheme shall not exceed 5% of the issued share capital of the Company as at 15 December 2023. There is no restriction on the grantee in relation to (i) the number of shares of the Company that may be awarded under the Executive Aligned Share Award Scheme; and (ii) the amount that is required to be paid in respect of the making of such purchases. The Group may, in its sole discretion, determine the vesting date of any share awarded under the Executive Aligned Share Award Scheme. Unless the board of directors of the Company decides to terminate it in accordance with the rules of this scheme, the Executive Aligned Share Award Scheme shall be valid and effective from the adoption date until the earlier of (i) the date falling on the fifth anniversary of the adoption date; or (ii) the date on which all the unvested award shares have been fully vested, delivered, lapsed, forfeited or cancelled (as the case may be).

32. SHARE – BASED COMPENSATION (CONTINUED)

(c) Executive Aligned Share Award Scheme (CONTINUED)

During the year ended 31 December 2025, 2,867,800 (2024: 2,794,500) share awards had been granted to two eligible participants (2024: one eligible participant) on 5 September 2025 (2024: 10 December 2024) with vesting periods ranging from 3 months to 3 years from the date of grant (2024: all of which were vested on the same date). The estimated fair values of the share awards granted is determined based on the market value of the Company's shares at the grant date. These vested shares had been transferred to the grantee at no cost except that the expenses in respect of the transfer of such shares of the Company were borne by the grantee. As at 31 December 2025, the number of shares which had been remained unvested under the Executive Aligned Share Award Scheme was 51,310 (2024: Nil), representing 0.04% (2024: Nil) of the weighted average number of ordinary shares during the year.

The following table discloses movements of Executive Aligned Share Award Scheme held by the eligible participants during the years ended 31 December 2025 and 2024:

	Weighted average grant date fair value HK\$	Number of Awards
Outstanding at 1 January 2024	–	–
Granted during the year	3.7	2,794,500
Vested during the year	3.7	(2,794,500)
At 31 December 2024 and 1 January 2025		–
Granted during the year	5.99	2,867,800
Vested during the year	5.99	(2,816,490)
Outstanding at 31 December 2025	5.99	51,310

Shares held for the Executive Aligned Share Award Scheme

	Number of shares
As at 1 January 2024	–
Shares repurchased	6,752,000
Shares granted	(2,794,500)
As at 31 December 2024 and 1 January 2025	3,957,500
Shares repurchased	2,380,000
Shares granted	(2,867,800)
As at 31 December 2025	3,469,700

During the year ended 31 December 2025, an aggregate of 2,380,000 shares (2024: 6,752,000 shares) of the Company have been purchased from the market by the Company and the trustees of the above scheme for an aggregate consideration, including the relevant transaction costs, of HK\$10,020,000 (equivalent to RMB8,991,000) (2024: HK\$30,047,000 (equivalent to RMB27,324,000)).

32. SHARE – BASED COMPENSATION (CONTINUED)

(d) 2025 Share Award Scheme

On 19 September 2025, the Company adopted a share award scheme (the “2025 Share Award Scheme”), pursuant to which the board of directors of the Company may, in its discretion, grant share awards to the eligible participants, including employees of the Group, any senior management or director of the Group and any person determined by the Board to be eligible to participate in the 2025 Share Award Scheme. The purposes of the 2025 Share Award Scheme are to (i) recognise and reward the contribution of the eligible participants to the growth and development of the Group and to provide incentives to them to retain their continued service to the operation and development of the Group; and (ii) to attract suitable talents for the further development of the Group. The total number of shares which may be issued in any financial year in respect of all options and awards to be granted under the 2025 Share Award Scheme shall not exceed 9% of the total number of shares of the Company in issue as at the date of adoption or the date on which the refreshment of such limit has been approved. The vesting date in respect of any award shall be followed certain conditions as set out in the 2025 Share Award Scheme have been fulfilled. The Group may determine and specify the purchase price of the awarded shares (i.e. the price payable by a selected person to purchase the awarded shares), if any, based on considerations such as the prevailing closing price of the shares of the Company, the purpose of the award and the characteristics and profile of the selected person. The 2025 Share Award Scheme shall be valid and effective for a period of ten years from the adoption date unless the board of directors of the Company decides to terminate it in accordance with the rules of the scheme.

There are no share awards have been granted during the year ended 31 December 2025.

2025 Share Award Scheme

	Number of shares
As at 1 January 2025	–
Shares repurchased	9,414,844
As at 31 December 2025	9,414,844

During the year ended 31 December 2025, an aggregate of 9,414,844 shares of the Company have been purchased from the market by the Company and the trustees of the above scheme for an aggregate consideration, including the relevant transaction costs, of HK\$59,577,000 (equivalent to RMB53,461,000).

During the year ended 31 December 2025, an aggregate of approximately 11,795,000 (2024: 6,784,800) shares of the Company have been purchased from the market by the Company and the trustees of the above schemes for an aggregate consideration, including the relevant transaction costs, of HK\$69,597,000 (equivalent to RMB62,452,000) (2024: HK\$30,047,000 (equivalent to RMB27,324,000)). The Group recognised a total expense of RMB21,779,000 (2024: RMB13,045,000) in relation to the shares granted by the Company under the 2023 Share Award Scheme and Executive Aligned Share Award Scheme for the year.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) Statement of financial position of the Company

	2025 RMB'000	2024 RMB'000
ASSETS		
Non-current asset		
Investment in a subsidiary	195,683	175,552
Current assets		
Prepayments	197	140
Amount due from a subsidiary	25,099	20,594
Financial asset at FVTPL	14,096	14,414
Cash and cash equivalents	50,095	42,950
	89,487	78,098
Total assets	285,170	253,650
EQUITY AND LIABILITIES		
Equity		
Share capital	1,231	1,186
Reserves	132,160	168,372
Total equity	133,391	169,558
Current liabilities		
Amounts due to subsidiaries	150,116	84,083
Other payables and accruals	1,663	9
Total liabilities	151,779	84,092
Total equity and liabilities	285,170	253,650
Total assets less current liabilities	133,391	169,558

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Share premium RMB'000	Share award reserve RMB'000	Shares held under share award schemes RMB'000	Translation reserve RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	130,891	-	-	9,755	115,670	(63,609)	192,707
Loss for the year	-	-	-	-	-	(1,169)	(1,169)
Other comprehensive income for the year	-	-	-	1,141	-	-	1,141
Profit/(loss) and other comprehensive income/(expense) for the year	-	-	-	1,141	-	(1,169)	(28)
Recognition of share-based payment expenses	-	3,470	-	-	-	-	3,470
Purchase of shares under share award schemes	-	-	(123)	-	-	-	(123)
Vesting of shares under share award schemes	(1,683)	-	-	-	-	-	(1,683)
Dividends recognised as distribution	-	-	-	-	-	(25,971)	(25,971)
At 31 December 2024 and 1 January 2025	129,208	3,470	(123)	10,896	115,670	(90,749)	168,372
Loss for the year	-	-	-	-	-	(2,733)	(2,733)
Other comprehensive income for the year	-	-	-	(2,158)	-	-	(2,158)
Profit/(loss) and other comprehensive income/(expense) for the year	-	-	-	(2,158)	-	(2,733)	(4,891)
Issues of new shares	-	-	(45)	-	-	-	(45)
Recognition of share-based payment expenses	-	21,779	-	-	-	-	21,779
Purchase of shares under share award schemes	-	-	(53,055)	-	-	-	(53,055)
Vesting of shares under share award schemes	2,670	(18,708)	16,038	-	-	-	-
At 31 December 2025	131,878	6,541	(37,185)	8,738	115,670	(93,482)	132,160

34. CAPITAL COMMITMENTS

	2025 RMB'000	2024 RMB'000
Intangible assets	3,838	-

FINANCIAL SUMMARY

The consolidated results, assets and liabilities of the Group for the last five financial years are summarised below.

RESULTS

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	922,292	775,918	633,633	637,886	459,851
Gross profit	480,066	415,883	344,656	333,064	221,527
Profit for the year attributable to – Owners of the Company	95,886	84,159	74,203	13,525	39,986

ASSETS AND LIABILITIES

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	731,559	631,613	527,418	370,260	292,362
Total liabilities	(303,520)	(254,480)	(195,830)	(247,646)	(185,049)
Total equity	428,039	377,133	331,588	122,614	107,313