



2025
Annual Report

青瓷游戏有限公司 Qingci Games Inc.

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 6633



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yang Xu (*Chairman*)
Mr. Huang Zhiqiang (*Chief Executive Officer*)
Mr. Liu Siming
Mr. Zeng Xiangshuo

Independent Non-executive Directors

Professor Lam Sing Kwong Simon
Mr. Yuan Yuan
Ms. Fang Weijin

AUDIT COMMITTEE

Mr. Yuan Yuan (*Chairman*)
Professor Lam Sing Kwong Simon
Ms. Fang Weijin

REMUNERATION COMMITTEE

Professor Lam Sing Kwong Simon (*Chairman*)
Mr. Yang Xu
Mr. Yuan Yuan

NOMINATION COMMITTEE

Mr. Yang Xu (*Chairman*)
Professor Lam Sing Kwong Simon
Ms. Fang Weijin

JOINT COMPANY SECRETARIES

Mr. Zhu Chengyin
Ms. Yung Mei Yee

AUTHORIZED REPRESENTATIVES

Mr. Liu Siming
Ms. Yung Mei Yee

REGISTERED OFFICE IN CAYMAN ISLANDS

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Cayman Islands

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AUDITOR

BDO Limited
*Certified Public Accountants and
Registered Public Interest Entity Auditor*
25th Floor, Wing On Centre
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Hong Kong



LEGAL ADVISORS

As to Hong Kong law

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37th Floor, Hysan Place
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HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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Grand Cayman
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PRINCIPAL BANKS

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Huli District, Xiamen
Fujian, China

CMB Wing Lung Bank Limited

45 Des Voeux Road Central
Hong Kong

Industrial Bank Co., Ltd.

Hong Kong Branch
12/F, One International Finance Centre
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Hong Kong

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COMPANY WEBSITE

www.qcplay.com

LISTING DATE

December 16, 2021

STOCK CODE

6633



Financial Highlights

	For the year ended December 31,		
	2025 (RMB'000)	2024 (RMB'000)	Change (%)
Revenue	456,077	627,962	(27)
Gross profit	261,287	363,115	(28)
Net profit	123,339	47,128	162
Profit attributable to equity holders of the Company	121,749	51,120	138

KEY OPERATING INFORMATION

	For the year ended December 31,		
	2025	2024	Change (%)
Average MAUs (in thousands)⁽¹⁾	1,123	2,360	(52)
Average MPUs (in thousands)⁽²⁾	139	228	(39)
ARPPU (RMB)	286	265	8
Cumulative registered players (in thousands)	102,210	98,276	4

Notes:

- (1) Our Average MAUs are calculated by dividing (i) the total MAUs of a game; or (ii) the aggregate of the total MAUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of Average MAUs did not consider each game's data before its official launch.
- (2) Our Average MPUs are calculated by dividing (i) the MPUs of a game; or (ii) the aggregate of the total MPUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of Average MPUs did not consider each game's data before its official launch.



Chief Executive Officer's Statement

Dear Shareholders, Qingci staff and all our friends who have been with us all along,

Hope this letter finds you well!

The year 2025 marked a pivotal period in which the gaming industry reshaped its landscape amid transformation. Players' expectations worldwide for the quality of game content and cultural depth have reached unprecedented heights, and competition has evolved from a battle for traffic into a contest of comprehensive capabilities and long-term value. If in the past few years we learnt how to navigate through turbulent waters, then 2025 was a year in which we accumulated strength in deeper seas, broadened our course and prepared thoroughly for our next leap forward. Throughout the year, Qingci Games upheld its philosophy of "staying grounded and delivering sustained excellence", remaining committed to premium content as our core, guided by a global perspective and rooted in long-term operations. We not only reinforced our foundation in the mobile gaming market, but also achieved breakthroughs in PC gaming, collaborations with top-tier global IPs and the application of cutting-edge technologies.

I am pleased to report that, as of June 2025, Qingci Games' cumulative registered player base officially surpassed 100 million. This milestone represents not merely a numerical achievement, but the choice of 100 million players worldwide. Over the past year, the Group recorded total revenue of RMB456 million. Despite intensified industry competition and rising user acquisition costs putting pressure on short-term revenue, we improved overall profitability year-on-year through continued optimization of operational efficiency and rigorous cost control. Profit attributable to equity holders reached RMB121.7 million.

Our unwavering commitment to developing "long-lifecycle" premium games is always the cornerstone of Qingci's identity. In 2025, our flagship game *The Marvelous Snail/SuperSnail* (最強蝸牛) celebrated its fifth anniversary. These five years not only matured a product, but also proved Qingci's strong long-term operational capabilities. Through anniversary events and ongoing content updates, we were encouraged to see the return of veteran players with enthusiasm and a counter-cyclical growth in ARPPU. Another game rejuvenated this year was our nearly decade-long classic, *Gumballs & Dungeons* (不思議迷宮). Eight years after its initial release, we launched the game on Steam, receiving "Overwhelmingly Positive" feedback from hundreds of thousands of new and existing players. This reaffirmed that high-quality content can transcend time and platform boundaries. The success of the PC version not only revitalized the IP's influence but also created strong synergies with the mobile version, providing valuable experience for our future multi-platform publishing strategy.

The year 2025 also marked an acceleration in our global and diversified expansion. While continuing to deepen our presence in mobile gaming, we published *Tingus Goose* (神經鵝), a game introduced through in-licensing on the Steam platform. As of March 2026, the game had sold over 80,000 copies. It achieved a "Very Positive" rating, topped multiple regional new release charts and received over 90% positive reviews globally, along with several awards. This fully demonstrates that Qingci's eye for "unique and interesting" games resonates across borders. In terms of IP collaborations, we reached a new milestone. In 2025, we entered into a strategic partnership with Disney, a global entertainment powerhouse, securing the development and publishing rights for *迪士尼：書境傳奇*. The game is expected to launch progressively from 2026 across Mainland China, HMT regions, Singapore, Malaysia, Thailand and South Korea. This partnership represents international recognition of Qingci's integrated development and publishing capabilities, while opening the door to a broader global audience. Following the successful launch of *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙) in Mainland China and HMT regions in 2023, the game is also scheduled for release in Japan in 2026. These high-quality titles in our pipeline will inject fresh momentum into our overseas expansion.



CHIEF EXECUTIVE OFFICER'S STATEMENT

Behind every tangible product achievement is an intangible technological evolution. In 2025, Qingci fully embraced the wave of AI technology. From data integration and in-depth analysis to the application of efficiency tools across planning, testing, art and programming, AI has evolved from a supporting tool into a core driver of productivity. Against a backdrop of rising R&D costs across the industry, AI empowerment has enabled us to maintain efficient creative and content output, enriching our “R&D and operation integration” model and allowing Qingci to pursue excellence with greater stability and speed.

“Great journeys begin with steady steps, and perseverance leads to success”. The path of the gaming industry is long and challenging – only those who stay steadfast can travel far, and only those who innovate can lead. Looking back at 2025, we completed key strategic deployments across multiple platforms, strong IPs and emerging technologies. Looking ahead to 2026, Qingci is poised for a year of realization following sustained investment: we will fully advance the global launch of 迪士尼：書境傳奇, bringing top-tier IP to life; we will introduce *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙) to its home market in Japan, strengthening our global footprint; we will accelerate the launch of *The Marvelous Snail/SuperSnail* (最強蝸牛) in South Korea; more importantly, we will expand the testing scale of our strategic self-developed title, *Project E*, and continue refining this next-generation flagship product that embodies Qingci's future vision.

On behalf of the Board of Directors and the management team, I would like to express my sincere gratitude to all Qingci staff for their dedication and perseverance over the past year, to our global players for their enduring companionship, and to our shareholders, investors and partners for their continued support and trust. Qingci will remain committed to delivering outstanding player experiences, maintaining strategic resilience through industry cycles and responding to market expectations with solid products, as we move steadily into the next phase of growth.

Huang Zhiqiang

Executive Director and Chief Executive Officer

March 26, 2026



Management Discussion and Analysis

INDUSTRY AND BUSINESS OVERVIEW

The Group is a well-known mobile game developer and publisher in China, principally engaged in the R&D, publication and commercialization of mobile games. With a product portfolio spanning both self-developed games and in-licensed games, the Group has established publication and long-term operational capabilities targeting Mainland China and major overseas markets. We are committed to offering unparalleled experiences to game players around the world through our iconic and captivating games and content, thereby generating sustainable commercial returns.

Business Model

The Group generates revenue primarily through a “free-to-play with in-game purchases” model, supplemented by value-added services such as in-game advertising. This model effectively lowers the barriers to user entry, expands our player base as well as enhances player engagement and spending willingness through ongoing content updates, event management and community building. Our revenue is mainly derived from:

- **Game Operating Revenue:** We publish games in major global markets via self-operation or joint operation models, generating revenue from sales of in-game virtual items.
- **Game Licensing Revenue:** We license self-developed games to third-party publishers, thereby earning licensing fees or revenue-sharing income to achieve lightweight expansion of IP value.
- **Information Service Revenue:** We diversify our revenue streams through performance-based services such as in-game advertising.

Sustainable performance growth has been underpinned by the close integration of the Group’s overarching strategy of “Premiumization, Globalization, Long-term Development” (“精品化、全球化、長線化”) with its business model:

- **Premium Development:** We have a strong and experienced R&D team and have developed and continuously refined systematic R&D methodologies encompassing target decomposition, effective validation and efficient iteration. Our R&D and operations teams are deeply integrated, leveraging the operations team’s player insights and data analytics, through a “R&D and operation integration” model, the long-term operation experience, activity validation and user feedback are channelled back to support R&D. This is further reinforced by the participation of our large player community “QingCi Enthusiasts” across multiple rounds of testing and feedback, enabling us to validate product direction more effectively, optimize user experience and sustain the delivery of high-quality content.
- **Global Publication:** Compared to focusing solely on a single market, our global publication capabilities significantly broaden the revenue potential of individual games. For instance, by introducing successful products from the Chinese market (such as *The Marvelous Snail/SuperSnail* (最強蝸牛)) to Europe, the United States, Japan and Southeast Asia, we have effectively enhanced the long-term value of our IPs and the lifecycle contribution of single products.



- **Long-term Operation:** Many of our major games maintain their vitality years after launch. For instance, *Gumballs & Dungeons* (不思議迷宮) has been running for nearly a decade, while *The Marvelous Snail/SuperSnail* (最強蝸牛) has been alive for nearly six years. Through content innovation, optimised event pacing and refined data-driven operations, we have solidified our strengths in the mobile sector while actively exploring publication channels on platforms like PCs (Steam). This approach has enabled us to accumulate expertise in cross-platform operations and community building, sustaining the high ARPPU and extended lifecycles of our games.

Industry Overview

1. Ongoing Optimization of the Game Industry Ecosystem

Driven by both policy support and market demand, China's gaming industry ecosystem is advancing towards a new stage of healthier and more dynamic development, characterized by steady and sustainable progress. On the one hand, regulatory authorities continue to bolster support for industry development, providing the industry with clear and consistent development expectations. On the other hand, the market supply structure is undergoing continuous refinement, with mature products maintaining robust performance through refined operations, while multiple new releases rapidly gain traction in the market attributing to their high production standards and distinctive gameplay innovations, earning high acclaim from players.

With the introduction of favorable policies and the steady optimization of the industry ecosystem, the enthusiasm of game developers has been significantly energized. As a game company with R&D and operation integration as its core characteristics, the Group is now not only better positioned to attract outstanding development talent and creative teams for its in-house games, but is also better equipped to identify new products with high growth potentials from a vast array of titles for in-licensing cooperation. This aggregation of premium resources will help expand our product portfolio and enhance the competitiveness of our game offerings.

2. Global Expansion Gains Momentum

Expanding into overseas markets has become an industry consensus, and games are increasingly taking on a cultural communication exchange dimension. On the one hand, major developers continue to ramp up investments in overseas markets, implementing precise localization and promotion tailored to regional player cultural preferences and consumption habits, thereby achieving successful global product launches. On the other hand, a growing number of developers are recognizing the importance of disseminating local culture through games as a medium, and organically integrating cultural elements into product design.



In line with the trend of deepening globalization, the Group has proactively developed overseas markets and implemented a multi-platform publication strategy to enhance our overall competitiveness. Market environments, cultural preferences and regulatory frameworks vary significantly across different countries and regions. Furthermore, PC and mobile platforms differ markedly in ecosystem development and player demographics. These present not only new challenges, but also important opportunities to strengthen the Group's core competitiveness. The process of expanding into the global market and competing across multiple platforms has significantly enhanced the Group's capabilities in refined publishing and operations, deepened its understanding of how mainstream platforms operate commercially, accumulated valuable experience in promoting high-quality cultural content across different countries and regions as well as significantly expanded the boundaries of commercialization, thereby providing strong support for the Group's sustainable growth.

3. Intensifying Competition for Premium Quality in the Gaming Market

On the one hand, players' expectations for the quality of game content have reached unprecedented heights where not only innovative and immersive gameplay is expected but also higher standards of storylines, artistic styles and other fine details. This requires developers to invest greater resources in creative design and industrialized production processes, resulting in generally extended development cycles. On the other hand, breakthroughs in cutting-edge technologies like AI provide robust support for premium game creation by significantly enhancing development efficiency and creative expressiveness of products. Against this backdrop, in both large-scale titles offering immersive experiences and lightweight products catering to fragmented entertainment needs, there is an ever-increasing demand for quality. The competitive focus has shifted from a straightforward battle for traffic to an all-encompassing competition on quality and user experience.

In order to maintain its competitiveness, the Group is committed to continuous improvement in key areas such as creative design, core gameplay and artistic expression. At the same time, the Group focuses on leveraging synergies across its IPs, places emphasis on building and operating its IP ecosystem and strives to continuously deliver high-quality games for players.

In summary, the Group faces both opportunities and challenges currently. In response to profound shifts within the industry landscape, we will maintain a proactive stance and sustain sound operations through measures such as optimising internal management, enhancing operational efficiency and precise market deployment. By doing so, we strive to seize opportunities amidst transformation and achieve sustainable and high-quality development.



Corporate Overview

According to the *2025 Annual Report of China's Gaming Industry* and the *2025 Research Report on China's Games Going Global*, the global gaming market size in 2025 was RMB1,301.667 billion, representing a year-on-year increase of 7.02%, among which the mobile gaming market size was RMB666.895 billion, representing a year-on-year increase of 4.93%. The Chinese gaming market size was RMB350.789 billion, representing a year-on-year increase of 7.68%. The number of users was 683 million, representing a year-on-year increase of 1.53%. The mobile gaming market size was RMB257.076 billion, representing a year-on-year increase of 7.92%. The Group's total sales in the global market was RMB456 million, of which the sales in the China market was RMB259 million.

As of December 31, 2025, the number of the Group's cumulative registered players worldwide exceeded 102.21 million, representing a year-on-year increase of 4.00% as compared with last year. The figure exceeded 100 million, marking a new milestone in the Group's deep cultivation and meticulous work in the global gaming market. This achievement is not only a compelling validation of the effectiveness of our strategy to continuously create high-quality and distinctive products, but also further strengthened the influence of the Group in the global gaming market.

During the Reporting Period, the Group delivered a sound performance in terms of the growth of net profit, innovation and integration capabilities, long-term operation of games, the proportion of overseas income, and was awarded the title of "Strong Foundation Leading Game Enterprise" in the *2025 China Listed and Non-listed Game Enterprise Competitiveness Report* released by Gamma Data, with its core competitiveness recognized by the industry. At the same time, the Group made several achievements in the fields of original IP cultivation, long-term operation and in-depth development as well as overseas market expansion. The Group has consistently placed "innovation" at its core and increased investment in self-developed products, reinforcing the distinctive brand identity of "Qingci Style", and diversified its revenue streams through expanding collaborations for high-quality game projects. The Group was awarded the title of "China Gaming Industry Potential Enterprise" in the *2026 China Gaming Industry Trend and Potential Analysis Report* released by Gamma Data and became a representative enterprise with both growth resilience and development potential in the niche segment.

During the Reporting Period, in terms of financial data, the Group recorded a revenue of RMB456 million, representing a decrease of 27% as compared with the same period last year, among which the proportion of overseas revenue accounted for 43.2%, remaining generally flat with last year. The Group recorded a profit of RMB123.34 million, representing an increase of 162% as compared with the same period last year. The above financial data reflects a trend of declining revenue but improving profitability, mainly due to (i) the impact of the core product lifecycles and the pace of new product launches, which resulted in a year-on-year decrease in the Group's operating revenue; (ii) the Group's efficient management, operation and cost control, which resulted in a significant decrease in marketing expenses as compared with last year; and (iii) the increase in fair value gains of the Group's short-term investments, which together contributed to the Group's overall improvement in profitability year-on-year despite a decline in revenue.



During the Reporting Period, in terms of game operating data, as of December 31, 2025, the Group had more than 102.21 million cumulative registered players, representing an increase of 4.00% as compared with last year; the average number of monthly active users was approximately 1,123,100, representing a year-on-year decrease of 52.41%; the average number of monthly paying users was approximately 139,100, representing a year-on-year decrease of 38.93%; ARPPU recorded RMB285.61, representing a year-on-year increase of 7.92%. The above game operating data reflects a steady increase in cumulative registered players and a year-on-year improvement in ARPPU, alongside year-on-year declines in the number of monthly active users and monthly paying users, mainly due to (i) the core products being in a mature stage with natural decline in active users; and (ii) the Group optimizing its operational strategy, effectively promoted the registration of new players and the return of veteran players through the launch of new game versions, and optimization and upgrading of game content, slowing down user attrition while also enhancing users' willingness to spend.

Overall, the aforementioned changes were driven by two main reasons, on the one hand, as described in the section headed Industry Overview above, rising player expectations for content quality and intensifying market competition have to a certain degree posed new challenges to the Group's operational and R&D capabilities in respect of its existing mature products; on the other hand, the Group faces both opportunities and challenges, and proactively addresses these challenges by optimizing internal management, enhancing operational efficiency and implementing precise market deployment to strengthen its competitiveness. In this context, core products also experienced natural decline in users and a decrease in gross billings during their maturity periods. However, at the same time, players have shown a stronger preference for the Group's high-quality content, collectively impacting the Group's short-term financial and operational data.

In response to the impact of internal and external factors, the measures adopted by the Group include but are not limited to: (i) continuing to cultivate and optimize existing mature products by refining operational strategies, strengthening granular cost controls and launching new content updates to drive new player registrations and re-engage veteran players, thereby enhancing operational efficiency and users' willingness to spend and moderating the decline in gross billings; (ii) meticulously developing innovative new products to meet players' demand for high-quality content; and (iii) continuing to deepen the Group's global footprint, actively pursuing collaborations with premium IPs to expand the product matrix, increasing investment in in-house R&D and leveraging emerging technologies such as AI to enhance R&D efficiency and content quality, thereby honing long-term operational capabilities.

The Group will continue to adhere to refined operations and precise market launch, seize the structural opportunities of premiumization and globalization in the industry as well as further enhance its comprehensive competitiveness and industry influence, achieving sustainable and high-quality development.



BUSINESS OVERVIEW FOR THE REPORTING PERIOD

During the Reporting Period, the Group steadfastly implemented its core strategy of “Premiumization, Globalization, Long-term Development” (“精品化、全球化、長線化”). Focusing on key priorities such as “consolidating the foundation of evergreen products, deepening global publication channels, enhancing R&D efficiency and product predictability, and expanding multi-platform publication capabilities”, the Group has advanced its operating initiatives:

- Regarding existing products, the Group continued to explore the long-term operating potential of core offerings. Through content innovation, optimised event pacing and refined data-driven operations, users’ willingness to spend and product stickiness were enhanced;
- Regarding new products, the Group continued to advance the R&D and testing iteration of key pipeline projects. Concurrently, it expanded collaborations for game projects to enrich its product portfolio for the medium to long term;
- Regarding platforms and channels, the Group solidified its strengths in the mobile sector while actively exploring publication channels on platforms like Steam, so as to accumulate expertise in cross-platform operations and community building;
- Regarding capability development, the Group continued to refine its R&D-operation collaboration processes, and employed new technological tools such as AI to enhance R&D efficiency and content output quality.

The Group has achieved significant breakthroughs in the following aspects during the Reporting Period:

- (1) **Landmark IP collaboration unfolding a new chapter, publication capability gaining international recognition:** In November 2025, the Group entered into a game license assignment agreement with The Walt Disney Company (China) Limited (華特迪士尼(中國)有限公司), pursuant to which it acquired the license to develop and publish a game, *迪士尼：書境傳奇*. The game combines elements such as card combat and idle game mechanics, featuring Disney and Pixar characters including Elsa in “Frozen”, Jack Sparrow in “Pirates of the Caribbean”, Woody in “Toy Story”, etc. It is expected to be released successively in Mainland China, HMT regions, Singapore, Malaysia, Thailand and South Korea, commencing from 2026. This collaboration not only demonstrates the Group’s robust strength within the gaming industry, but also reflects the Group’s strong publication capabilities;



- (2) **Highly effective long-term operations and rejuvenation of core products:** In June 2025, the self-developed flagship game *The Marvelous Snail/SuperSnail* (最強蝸牛) celebrated its fifth anniversary in Mainland China and HMT regions, and attracted waves of returning veteran players and saw significant improvement in users' willingness to spend after launching its brand-new anniversary version, gameplay optimization and innovative marketing campaigns. During the anniversary event, the ARPPU grew significantly from approximately RMB200 to nearly RMB300, representing an increase of about 50%, fully exhibiting the Group's outstanding capabilities in game content innovation and long-term operations;
- (3) **Steady progress in globalization strategy and ongoing overseas market expansion:** During the Reporting Period, *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙) was launched in Vietnam, ranking the second on the local iOS free games chart and the eighth on the local iOS bestseller games chart. Furthermore, the Group is actively preparing for the release of the Korean version of *The Marvelous Snail/SuperSnail* (最強蝸牛) and the release of *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙) in Japan. The Group will further consolidate and expand its market share and influence in major markets worldwide, providing more diversified and stable impetuses for the Group's revenue growth;
- (4) **Focusing on breakthroughs in self-development pipeline, gathering momentum for future growth:** The Group progressed smoothly in developing the strategic self-developed title *Project E* (項目E) and has initiated multiple rounds of tests for core players, accelerating the iteration of game R&D versions through intensive interaction with players. Integrating map exploration, backpack management, resource collection and other innovative gameplay elements, this game is positioned to be the Group's next milestone product. Concurrently, the Group is persistently refining the R&D process and fully embracing cutting-edge technologies like AI to further enhance R&D efficiency and product quality; and
- (5) **Increasingly mature multi-platform publication capabilities, with premium content receiving market recognition:** The Group successfully launched its in-licensed casual game *Tingus Goose* (神經鵝) on the Steam platform in 2025. Thanks to its unique tone and innovative gameplay, the game recorded sales of over 20,000 copies within 48 hours of release, reaching nearly 50,000 copies within seven days. It garnered over 90% positive reviews globally on Steam, topped the popular new releases charts in multiple regions and received a nomination for the Best Overseas Games at the indiePlay China Indie Game Awards. The success of this product demonstrates the Group's publication capabilities in the casual PC gaming market, accumulating valuable experience for the multi-platform deployment of future premium projects.



Our Games

The Group develops, publishes and operates a number of premium games, while continuously expanding its multi-platform publication and operation capabilities. As of December 31, 2025, we have a number of game projects covering mobile and PC platforms (such as the Steam platform), including idle games, Rogue-like RPG and other RPG, and mini program games.

Below is an overview of our major games:

The Marvelous Snail/SuperSnail (最強蝸牛), launched in June 2020, is our self-developed idle game. As of December 31, 2025, the game recorded cumulative gross billings of approximately RMB3,922 million domestically and overseas, with 29.74 million cumulative registered players. During the Reporting Period, *The Marvelous Snail/SuperSnail (最強蝸牛)* (known as *SuperSnail* in regions including Southeast Asia, Europe and the United States) celebrated the fifth anniversary of its launch in Mainland China, introducing brand-new storylines and gameplay features, unveiling the new character “Gua Gua (呱呱)” and the ninth realm “Persia (波斯)”, receiving enthusiastic responses from the player community. During the fifth-anniversary celebration, the game hit recent highs in multiple operating metrics, fully demonstrating the Group’s outstanding capabilities in long-term IP operations. During the period, the game also launched multiple versions and events, sustaining player engagement and achieving counter-trend growth in operating data. For example, in Mainland China, a total of 14 festival events and version updates were launched in 2025, including the Spring Festival event – Golden Snake Welcomes Spring, the anniversary celebration – Fifth-Anniversary Birthday Party, the Mid-Autumn Festival event – Moon Palace Defense and the Christmas and New Year event – A Mysterious Christmas Eve. The average monthly ARPU in Mainland China for the full year increased by over 30% as compared with that for 2024. During the Reporting Period, the total domestic and overseas revenue recorded by the game was approximately RMB274 million.

Lantern and Dungeon (提燈與地下城), launched in March 2021, is a Rogue-like RPG that we introduced through in-licensing. During the Reporting Period, the game released a number of version updates, including its fourth-anniversary version and an innovative version featuring an “idle system”. It also launched a collaboration with *Gumballs & Dungeons (不思議迷宮)*, maintaining stable gross billings. During the Reporting Period, the game recorded a revenue of approximately RMB13.21 million.

Sword and Fairy: Wen Qing (新仙劍奇俠傳之揮劍問情), launched in June 2023, is a story card mobile game jointly published by the Group and CMGE. During the Reporting Period, the game released its second-anniversary version, introduced three new characters and launched over 10 events and version updates, creating extensive gaming experiences for players. During the Reporting Period, the game recorded a revenue of approximately RMB34.12 million.



Cardcaptor Sakura: Memory Key (魔卡少女櫻：回憶鑰匙) is a mobile game created based on the teenage girl-themed animation of *Cardcaptor Sakura: Clear Card (庫洛魔法使：透明牌篇)* that the Group introduced through in-licensing with genuine licensing. The game was launched in Mainland China in September 2023 and was launched in HMT regions in October 2023. In October 2025, the game was launched in Vietnam, and ranked the second on the iOS free games chart and the eighth on the iOS bestseller games chart in Vietnam. During the Reporting Period, the game recorded a revenue of approximately RMB7.19 million. The game will be launched in Japan in 2026. Leveraging its established product reputation and the Group's long-term operating capabilities, the game is expected to provide a meaningful boost to the Group's revenue.

Fat Goose Gym (肥鵝健身房), launched in Japan in February 2024, is a casual game that we introduced through in-licensing. During the Reporting Period, the game released 49 versions. Through high-frequency and high-quality content updates, the game continuously enhanced the player experience, effectively sustaining player activity and solidifying user stickiness. During the Reporting Period, the game recorded a revenue of approximately RMB42.38 million.

Lost Light (迷途之光), launched in June 2024, is a pixel style rogue-like pop-up game that we introduced through in-licensing. During the Reporting Period, the R&D team enhanced gameplay innovation, continuously creating fresh experiences for players, complemented by precise user acquisition strategies to efficiently reach the target players. During the Reporting Period, the game recorded a revenue of approximately RMB11.43 million.

Ares Virus 2 (阿瑞斯病毒2), launched in August 2024, is an adventure survival RPG that we introduced through in-licensing and a sequel to *Ares Virus (阿瑞斯病毒)*. During the Reporting Period, the game launched its anniversary version, completed over 10 special events and version updates, and drove strong performance in gross billings through refined content operations. During the Reporting Period, the game recorded a revenue of approximately RMB49.02 million.

Gumballs & Dungeons (不思議迷宮), launched in August 2016, is our self-developed Rogue-like RPG. Since its launch, nearly 26 million cumulative registered players were recorded as of December 31, 2025. After eight years, the Group launched a free-to-download-and-play version of *Gumballs & Dungeons (不思議迷宮)* in March 2025 on Steam, which has received enthusiastic responses from players, ranked the 6th on the global popular free games chart (Trending Free) and received an "Overwhelmingly Positive" rating. As of the end of March 2026, the downloads for the Steam version have surpassed a cumulative total of more than 620,000. The successful launch of the PC version effectively enhanced the overall popularity of the IP and revitalized the mobile version, with daily active users increasing by approximately 5,000 during the same period, demonstrating a strong cross-platform synergy effect. This also validates the positive results of the Group's strategy to strengthen IP value and promote the long-term operation of classic products through multi-platform deployment. During the Reporting Period, the game recorded a revenue of approximately RMB7.75 million.



Tingus Goose (神經鵝), launched in December 2025 on the Steam platform, is a casual game that we introduced through in-licensing. The game combines a unique tone and bizarre art style. Players obtain continuous growth rewards through mechanisms such as placing props, synthetic mutations and idle AFK gameplay. Since its release, the game has achieved a “Very Positive” rating, quickly topping the popular new releases chart for Steam in multiple regions, including the PRC, the United States, Europe, Australia, Japan and South Korea. It has also received recommendations from several renowned industry figures. The game has garnered over 90% positive reviews globally on Steam, received a nomination for the Best Overseas Game at the 2025 indiePlay China Indie Game Awards, won the Best Game Visual Award at INDIE POINTER 2025, and received Featured Work recognition at INDIE Live Expo, the largest independent game information program in Asia. As of March 2026, the game had sold over 80,000 copies.

Other major games such as **Eternal Adventure (無盡大冒險)** (launched in June 2015, one of our self-developed classic games that combines the features of idle gameplay experience and Diablo-like adventure), **Ares Virus (阿瑞斯病毒)** (launched in August 2018, our survival RPG introduced through in-licensing), **Servitor Project (使魔計劃)** (launched in January 2023, our self-developed strategy card game), **Time Voyager (時光旅行社)** (launched in December 2023, our self-developed infinite stream casual idle game) and others continued to contribute steady revenue to the Group. The abovementioned games and the mini program game version of **The Marvelous Snail/SuperSnail (最強蝸牛)** recorded revenues of approximately RMB12.08 million in total during the Reporting Period.

Player Community

We have nurtured a vibrant community of players on various mobile game forums and social media platforms – QingCi Enthusiasts community. Through the QingCi community, our players can receive the latest information about our games, including recent events that we organize, opportunities to participate in testing our new games and free in-game virtual items.

As of December 31, 2025, our games had accumulated 16.2352 million QingCi Enthusiasts who contacted us through our official accounts and groups on social media platforms, such as Tencent QQ, WeChat, TapTap and Bilibili, representing an increase of 2.48% as compared with the same period last year. Our frequent and close interactions with QingCi Enthusiasts create a virtuous circle as the feedback from the player community can help us to develop and improve our games, thereby attracting more active players.



OUTLOOK AND DEVELOPMENT STRATEGY

Currently, the global gaming market is undergoing profound changes. On the one hand, user demand for high-quality and innovative content continues to grow, providing vast opportunities for companies with core R&D capabilities; on the other hand, intensifying market competition has placed higher demands on precise product positioning, refined operations and global publishing capabilities.

The Group's core strengths lie in: 1) a highly creative and execution-driven team with integrated R&D and operations; 2) its globally established publication network with a successful track record; and 3) its proven ability to operate premium games over a long term and generate sustained revenue. However, we also proactively cope with the challenges we face: major products have reached their maturity stage, and we need to drive the next phase of growth through continuous introduction of new games that resonate with players; meanwhile, we will advance large-scale self-developed projects and global simultaneous releases, which will inevitably expose us to challenges related to R&D cycle, cost control and market uncertainties.

Based on this, the Group's long-term strategy is: to build a core competitive barrier through "premiumization" R&D, to fully unlock product value through "globalization" releases and to solidify our performance foundation through "long-term development", ultimately becoming a game company with a diversified product matrix and outstanding global influence.



MANAGEMENT DISCUSSION AND ANALYSIS

To implement the abovementioned strategy, the Group has formulated a clear implementation path, which includes:

I. Advancing Key Projects with Full Force to Create New Growth Drivers

At present, the Group has a pipeline of multiple mobile games, covering various genres and categories, including RPG and SLG:

Title	Game Genre	Source	Development Stage as of December 31, 2025	Expected Launch Time
<i>Cardcaptor Sakura: Memory Key</i> (魔卡少女櫻：回憶鑰匙) (in Japan)	Casual game	In-licensed	Game production, testing and optimization	2026
<i>The Marvelous Snail/SuperSnail</i> (最強蝸牛) (in South Korea)	Casual game	Development in-house	Game production, testing and optimization	2026
迪士尼：書境傳奇	Card RPG	In-licensed	Game production, testing and optimization	2026
<i>Project E</i>	SLG	Development in-house	Game production, testing and optimization	2027
<i>Project W</i>	Card RPG	In-licensed	Game production, testing and optimization	2027
<i>Project HA</i>	Card RPG	In-licensed	Game production, testing and optimization	2028
<i>Project F</i>	Survival socialization	In-licensed	Game production, testing and optimization	2028



Over the next three years, the Group will enter a phase of concentrated investment in R&D and publication to drive the successful launch of its key strategic projects and to continuously strengthen its global publication and operating capabilities, including:

1. The Self-Developed Flagship Project E (項目E): Building a Global Benchmark to Drive Future Growth

The project represents the culmination of the Group's R&D capabilities, with the goal to become our next-generation global flagship product. It aims to establish the Group's leadership in gameplay and content innovation and break into brand-new user segments.

Currently, the project has entered the testing and optimization phase, with the core team numbering nearly 150 members. As the project advances further, the Group will coordinate and continuously optimize staffing and resource allocation in a reasonable manner based on the development needs at various stages. At the same time, we will actively leverage emerging technologies such as AI to empower R&D and implementation efforts, thereby further enhancing the advancement efficiency and implementation quality for the project. The Group expects to maintain significant R&D investment in the project over the next three years (2026 to 2028).

The project is planned to conduct broader scope testing in 2026, and is expected to be launched successively across major global markets (including Mainland China, HMT regions, Japan, South Korea, Southeast Asia, Europe and the United States) in 2027. Given its positioning as a global flagship and the current market environment, the Group has allocated sufficient publishing and marketing budgets to enable the product to achieve sufficient market presence and user coverage upon launch. At the same time, the Group will continue to monitor market and industry developments, and will formulate, dynamically adjust and implement corresponding marketing strategies as appropriate in light of its actual operating conditions.

2. Key Collaboration Project 迪士尼：書境傳奇: The Group Expanding its Reach to a Broader User Base and Unlocking the Value of the Game

The Group can reach a broader user demographic by publishing the game, breaking through existing user segments. The project is undergoing testing and localization as scheduled. The project is expected to be launched first in Mainland China in 2026, followed by a phased release in regions such as HMT regions, Southeast Asia and South Korea.



The Group has allocated dedicated publishing and marketing resources in this regard to support its successful launch and ongoing operations in target markets. We will also closely track market dynamics, taking into account industry trends and the competitive landscape, to continuously optimize and dynamically adjust our marketing and publishing strategies in order to adapt to market changes and enhance overall operational efficiency.

3. Deepening the Global Publishing Matrix: Expanding into Key Regions and Improving Global Plan

The Group will continue to deepen its publishing and operational capabilities in key regions. By promoting the release of *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙) in Japan and the release of *The Marvelous Snail/SuperSnail* (最強蝸牛) in South Korea, the Group will further consolidate its global operational capabilities. This aims to diversify our global product portfolio, explore incremental overseas opportunities for mature and high-quality products, and accumulate experience while solidifying the operational foundation for the future global simultaneous launch of more products. Operation budgets in relation to the marketing and localization for these initiatives have been incorporated into our planning to promote the successful deployment and development of our products in target regions.

II. Full deployment of AI Applications to Drive R&D and Operational Efficiency and Intelligent Decision-Making

To address the increasingly complex market environment and enhance our core competitiveness, the Group comprehensively deepened the application of AI technology across the entire process of game R&D, operations and management during the Reporting Period. We have elevated AI from a supporting tool to a core productivity engine, achieving increased efficiency, creative inspiration and optimized decision-making through systematic deployment. Looking ahead, the Group will continue to fully embrace the application of emerging technologies like AI. We plan to build an integrated, intelligent data analysis platform to achieve timely monitoring and deep insights into operational data across all global regions. We will also establish an intelligent knowledge base, leveraging AI to enhance the efficiency of information retrieval and integration, thereby accumulating experience and providing strong support for refined version management and agile responses to market demands.

Looking ahead, the Group will leverage its thriving, evergreen games as a bedrock to drive the development and launch of key projects such as *Project E* (項目E) and *迪士尼：書境傳奇* with full commitment, while continuing to enrich our product pipeline and actively expanding into global markets. Remaining player-centric and premium quality oriented, we will relentlessly reinforce our capabilities in R&D and operation integration, so as to bring a high-quality gameplay experience to our players all over the world and create long-term and sustainable value for our Shareholders.



FINANCIAL REVIEW

Revenue

Our revenue decreased by 27.4% from approximately RMB628.0 million for the year ended December 31, 2024 to RMB456.1 million for the year ended December 31, 2025 on a year-on-year basis. In 2025, our revenue from Mainland China was RMB259.1 million, accounting for 56.8% of total revenue, compared to 56.1% in 2024; our revenue from other areas was RMB197.0 million, accounting for 43.2% of total revenue, compared to 43.9% in 2024. Our revenue is mainly derived from (i) game operating business where we generate revenues primarily from the sales of in-game virtual items; (ii) game licensing business where we generate revenues from license fees paid by third-party publishers; (iii) information services business where we generate revenues from providing performance-based in-game marketing and promotion services to advertisers or their agents who promote their customers' products in our games to players; and (iv) other services and sales where we generate revenues from sales of game peripheral products and provision of technical services.

The following table sets forth a breakdown of our revenues by line of business for the years ended December 31, 2025 and 2024.

For the year ended December 31,					
	2025		2024		2025 vs. 2024 % Change
	RMB'000	%	RMB'000	%	
Game operating revenues					
Self-developed	282,812	62.0	365,175	58.2	(22.6)
Licensed	158,062	34.7	228,258	36.3	(30.8)
Subtotal	440,874	96.7	593,433	94.5	(25.7)
Game licensing revenue	5,511	1.2	11,060	1.8	(50.2)
Information service revenue	5,499	1.2	16,261	2.6	(66.2)
Other services and sales	4,193	0.9	7,208	1.1	(41.8)
Total revenues	456,077	100.0	627,962	100.0	(27.4)



Game Operating Revenues

Our game operating revenues decreased by 25.7% to approximately RMB440.9 million for the year ended December 31, 2025 on a year-on-year basis, primarily due to the natural decline of users as some games are in maturity stage; meanwhile, we have mitigated the decline in game revenue by continuously launching brand-new games, brand-new game versions and optimizing game content to enhance users' overall spending. Specifically:

- our revenue from self-developed games decreased by 22.6% to approximately RMB282.8 million for the year ended December 31, 2025 on a year-on-year basis, primarily due to the decline in revenue as *The Marvelous Snail/SuperSnail* (最強蝸牛) is in maturity stage; and
- our revenue from licensed games decreased by 30.8% to approximately RMB158.1 million for the year ended December 31, 2025 on a year-on-year basis, primarily due to the decline in revenue from *Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), *Fat Goose Gym* (肥鵝健身房), *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙) (in Mainland China and HMT regions), partially offset by the increase in revenue resulting from the launch of *Tingus Goose* (神經鵝), the launch of *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙) in Vietnam, *Ares Virus 2* (阿瑞斯病毒2) and *Lost Light* (迷途之光).

Game Licensing Revenue

Our game licensing revenue decreased by 50.2% to approximately RMB5.5 million for the year ended December 31, 2025 on a year-on-year basis, primarily due to the fact that *The Marvelous Snail/SuperSnail* (最強蝸牛) in HMT regions transitioned from external licensing to direct operations by the Group during the Reporting Period.

Information Service Revenue

Our information service revenue decreased by 66.2% to approximately RMB5.5 million for the year ended December 31, 2025 on a year-on-year basis, primarily due to the decrease in in-game advertisement views or clicks.

Other Services and Sales

Our other services and sales revenues decreased by 41.8% to approximately RMB4.2 million for the year ended December 31, 2025 on a year-on-year basis, primarily due to the decrease in revenue from commissioned R&D, revenue generated from sales of peripheral products and through marketing and promotion on third-party platforms and others.



Cost of Revenues

Our cost of revenues decreased by 26.5% from approximately RMB264.8 million for the year ended December 31, 2024 to RMB194.8 million for the year ended December 31, 2025 on a year-on-year basis. Our cost of revenues primarily consisted of (i) commissions charged by distribution and payment channels, representing revenue share payments to third-party distribution platforms and payment service providers for our self-published games; (ii) commissions charged by third-party game developers and IP holders; (iii) bandwidth and servers custody fee; (iv) employee benefits expenses related to our system maintenance and customer service personnel, including wages, salaries, bonuses, social insurance contributions and other employee benefits; and (v) others, including outsourced technical service fees for short messaging services, professional service fees, the impairments of prepayments to some game developers which were included in the cost of revenues, and miscellaneous expenses.

The following table sets forth our cost of revenues by nature in absolute amounts and as percentages of our total cost of revenues for the years ended December 31, 2025 and 2024.

For the year ended December 31,					
	2025		2024		2025 vs. 2024 % Change
	RMB'000	%	RMB'000	%	
Commissions charged by distribution and payment channels	101,708	52.2	137,771	52.0	(26.2)
Commissions charged by third-party game developers and IP holders	44,571	22.9	58,061	21.9	(23.2)
Bandwidth and servers custody fee	14,647	7.5	18,016	6.8	(18.7)
Employee benefits expenses	11,901	6.1	14,096	5.3	(15.6)
Others	21,963	11.3	36,903	14.0	(40.5)
Total	194,790	100.0	264,847	100.0	(26.5)

Our cost of revenue for commissions charged by distribution and payment channels decreased by 26.2% to approximately RMB101.7 million for the year ended December 31, 2025 on a year-on-year basis, primarily due to the decreased commissions paid to distribution and payment channels as a result of the decrease in game operating revenue.



MANAGEMENT DISCUSSION AND ANALYSIS

Our cost of revenue for commissions charged by third-party game developers and IP holders decreased by 23.2% to approximately RMB44.6 million for the year ended December 31, 2025 on a year-on-year basis, primarily due to the decreased commissions paid to third-party developers and IP holders as a result of the decrease in revenue from licensed games brought about by *Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情), *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙) (in Mainland China and HMT regions) and others, partially offset by the increased commissions paid to third-party developers as a result of the increase in revenue from the licensed game *Ares Virus 2* (阿瑞斯病毒2).

Our cost of revenue for employee benefits expenses decreased by 15.6% to approximately RMB11.9 million for the year ended December 31, 2025 on a year-on-year basis, primarily due to the decrease in number of customer service center employees, which led to the decrease in our employee expenses as compared to the same period last year.

Our cost of revenue for others decreased by 40.5% to approximately RMB22.0 million for the year ended December 31, 2025 on a year-on-year basis, primarily due to (i) the Group's refined management and the decrease in outsourcing technical service fee related to customer service; and (ii) the decreased impairment in the prepayments made to some game developers as compared with the same period last year, and such impairment was included in the cost of revenues.

Gross Profit and Gross Margin

Our gross profit decreased by 28.0% from approximately RMB363.1 million for the year ended December 31, 2024 to approximately RMB261.3 million for the year ended December 31, 2025. Our gross margin for the year ended December 31, 2025 amounted to 57.3%, which remained generally flat as compared with 57.8% for the same period last year.

Selling and Marketing Expenses

Our selling and marketing expenses consisted of (i) marketing and promotion expenses paid to our online and offline marketing service providers, including traffic acquisition and brand marketing and promotion expenses, which represented 59.3% and 76.0% of our total selling and marketing expenses for the years ended December 31, 2025 and 2024, respectively; (ii) employee benefits expenses related to our sales and marketing personnel; and (iii) others, including office expenses incurred for our sales and marketing activities and miscellaneous expenses.

Our selling and marketing expenses decreased by 52.5% from approximately RMB216.0 million for the year ended December 31, 2024 to approximately RMB102.6 million for the year ended December 31, 2025. This was primarily due to the Group's efficient operational management and cost control, which led to the significant decrease in selling and marketing expenses of *Fat Goose Gym* (肥鵝健身房), *The Marvelous Snail/SuperSnail* (最強蝸牛) and *Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情) and others, partially offset by the increase in the selling and marketing expenses of *Ares Virus 2* (阿瑞斯病毒2), *Lost Light* (迷途之光) and others.



R&D Expenses

Our R&D expenses consisted of (i) employee benefits expenses related to our R&D staff; (ii) outsourced technical service fee; and (iii) others, including office expenses incurred for our R&D activities, depreciation of right-of-use assets, rental expenses, utilities and miscellaneous expenses.

Our R&D expenses amounted to approximately RMB104.9 million for the year ended December 31, 2025, which remained generally flat as compared with RMB106.1 million for the same period last year.

General and Administrative Expenses

Our general and administrative expenses primarily consisted of (i) employee benefits expenses related to our supporting staff; (ii) depreciation of right-of-use assets on our leases; (iii) tax surcharges, including VAT surcharges and stamp duty; (iv) rental expenses and utilities; and (v) others, including office expenses, depreciation of property, plant and equipment, professional services fee and miscellaneous expenses.

Our general and administrative expenses amounted to approximately RMB61.4 million for the year ended December 31, 2025, which remained generally flat as compared with RMB61.0 million for the same period last year.

Fair Value Changes on Investments Measured at Fair Value through Profit or Loss

Our fair value changes on investments measured at fair value through profit or loss reflected changes in the fair value of (i) certain of our long-term equity investments, which were equity investments in private equity funds as limited partners without significant influence, and investments in investee companies; and (ii) our short-term investments, primarily consisting of investment funds and wealth management products.

Our fair value changes on investments measured at fair value through profit or loss increased by 120.9% from gains of approximately RMB60.9 million for the year ended December 31, 2024 to gains of approximately RMB134.5 million for the year ended December 31, 2025, mainly due to the increase in the fair value gains from investment funds and wealth management products resulting from factors such as the relatively high USD interest rate environment and strong performance in major global capital markets (e.g., US stocks, A-share stocks and Hong Kong stocks).



Other Income

Our other income primarily consisted of (i) subsidies, mainly including government subsidies granted by local governments to support our R&D activities and in recognition of our contribution to local economic development; and (ii) dividend distribution from long-term investments measured at fair value through profit or loss.

Our other income decreased by 49.6% from approximately RMB6.1 million for the year ended December 31, 2024 to approximately RMB3.1 million for the year ended December 31, 2025, mainly due to the decrease in government subsidies.

Net Other Losses

Our net other losses primarily consisted of (i) net foreign exchange losses arising from revenue and trade receivables denominated in USD and JPY; and (ii) donations to charity organizations.

Our net other losses decreased by 23.5% from net losses of approximately RMB4.7 million for the year ended December 31, 2024 to net losses of approximately RMB3.6 million for the year ended December 31, 2025, primarily due to (i) the depreciation of USD against RMB in 2025, hence the depreciation of the USD holdings of subsidiaries of the Group (their functional currencies being RMB), the appreciation of USD against JPY, hence the depreciation of the JPY holdings of subsidiaries of the Group (their functional currencies being USD); and (ii) the Group's healthy foreign exchange management practices, which reduced the scale of its holdings of domestic USD and JPY, resulting in a significant decrease in exchange losses caused by currency depreciation as compared to the same period last year.

Income Tax Credit/(Expenses)

Our income tax decreased from income tax credit of approximately RMB0.1 million for the year ended December 31, 2024 to income tax expenses of approximately RMB8.2 million for the year ended December 31, 2025, mainly due to the utilization and reversal of part of the previously recognized deferred tax assets by the Group during the Reporting Period.



Profit for the Year

Our profit for the year increased by 161.7% from a net profit of approximately RMB47.1 million for the year ended December 31, 2024 to a net profit of approximately RMB123.3 million for the year ended December 31, 2025, which was mainly attributable to (i) the Group's efficient operations management and cost control, and the significant decrease in the Group's marketing expenses, etc. as compared to the same period in 2024; and (ii) the increase in fair value gains on the Group's short-term investments. The increase in net profit of the Group was partially offset by the decreased gross profit resulting from the natural decline in gross billings of games. The return on equity is calculated by the profit attributable to equity holders of the Company divided by the average of opening and closing equity attributable to equity holders of the Company. The return on equity for the years ended December 31, 2025 and 2024 were approximately 6.54% and 2.87% respectively.

Liquidity, Capital Resources and Gearing Ratio

We fund our operations primarily through cash generated from our operating activities and capital contribution from our Shareholders.

As of December 31, 2025, the Group's total cash and cash equivalents amounted to approximately RMB444.3 million, which remained generally flat as compared with approximately RMB450.0 million as of December 31, 2024.

As of December 31, 2025, we had borrowings of approximately RMB10.0 million. As of the same date, we still had a banking credit facility of approximately RMB80.0 million, and we did not draw down the facility as deposit to secure our obligations under our foreign currency forward contract.

As of December 31, 2025, the current assets of the Group amounted to approximately RMB1,806.7 million, and the current liabilities of the Group amounted to approximately RMB149.5 million (including interest-bearing liabilities of RMB10 million). As of December 31, 2024, the Group's current assets amounted to approximately RMB1,686.9 million and the Group's current liabilities amounted to approximately RMB165.5 million. Current ratio is calculated as total current assets divided by total current liabilities. As of December 31, 2025 and 2024, the current ratio of the Group was approximately 1,208% and 1,019%, respectively.



MANAGEMENT DISCUSSION AND ANALYSIS

As of December 31, 2025, the distribution of the number of days required for the Group's short-term investments to be converted into available cash is as follows:

Structure for Liquidity of Short-term Investments

Days Required to Realize Investments	Net Value as a Percentage of Total Short-term Investments as of the end of 2025
1~30	75.8%
31~90	23.9%
91~360	0.3%
Total	100.0%

Gearing ratio is calculated as total liabilities divided by total assets. As of December 31, 2025 and 2024, the gearing ratio of the Group was 7% and 9%, respectively.

Material Acquisitions and Disposals and Significant Investments

As at December 31, 2025, the Group's short-term investments measured at fair value through profit or loss increased by 11.1% from approximately RMB1,146.2 million as at December 31, 2024 to approximately RMB1,273.1 million as at December 31, 2025. The short-term investments mainly included investment funds and wealth management products. The increase was mainly attributable to (i) the increase in the fair value gains from investment funds and wealth management products resulting from factors such as the relatively high interest rate environment in the US dollar and strong performance in major global capital markets (e.g., US stocks, A-share stocks and Hong Kong stocks); and (ii) the increase in our allocation to funds and wealth management products in order to improve the Group's utilization of its own funds during the Reporting Period. For the year ended December 31, 2025, no single investment of the Group accounted for more than 5% of the total assets of the Group.

Except for the above, the Group did not have any material acquisitions and disposals and significant investments during the year ended December 31, 2025.



Investment Activities

I. Investment Portfolio

The Company's investment portfolio is summarized as follows:

As at the end of the year, the Company had cash and cash equivalents of approximately RMB444 million, short-term investments of approximately RMB1,273 million and long-term investments of approximately RMB180 million, accounting for 21.7%, 62.1% and 8.7% of our total assets, respectively. The funds for short-term investments were sourced from our own funds, and the funds for long-term investments were sourced from our own funds and proceeds.

Asset Category	Net asset value by percentage of investment portfolio as at December 31, 2025	Net asset value by percentage of total assets as at December 31, 2025
Cash and Cash Equivalents ⁽¹⁾	23.43%	21.66%
Wealth Management ⁽²⁾	20.41%	18.87%
Fixed Income Funds ⁽³⁾	21.04%	19.45%
Equity Funds ⁽⁴⁾	25.93%	23.97%
Investments in Unlisted Companies ⁽⁵⁾	7.36%	6.81%
Investments in Private Equity Funds ⁽⁶⁾	1.84%	1.70%
Total	100%	92.45%



MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) *Cash and cash equivalents as defined by Hong Kong Financial Reporting Standards (HKFRS);*
- (2) *Money market funds, notes, etc., with investments primarily in money market instruments such as government bonds, bills, deposits and certificates of deposit;*
- (3) *Bond funds, government bonds, etc., with investments primarily in bonds issued by governments, quasi-government bodies, banks, financial institutions or other corporate entities;*
- (4) *Index-based quantitative funds, hedge funds, etc., employing diversified investment strategies such as hedging, quantitative analysis and index enhancement; primary investment scope includes stocks listed on major global exchanges such as Shanghai Stock Exchange, Shenzhen Stock Exchange, the Stock Exchange, NYSE and NASDAQ;*
- (5) *Companies exhibiting synergistic effects with the Company's core business, including but not limited to game companies as well as art and animation companies;*
- (6) *Private equity funds that primarily invest in gaming, cultural and creative, as well as internet-related industries; and*
- (7) *Discrepancy in the table between the total and the sums of the amounts listed therein is due to rounding.*

The Company mitigates counterparty risk by methods including diversifying its investments and investing in reputable and well-managed financial institutions. The Company places significant emphasis on maintaining portfolio liquidity, as reflected in the high proportion of short-term investments and the strong liquidity of its short-term investment portfolio set out in the section headed "Liquidity, Capital Resources and Gearing Ratio" above, which is designed to ensure a quick redemption of the investment portfolio when the Company's core business requires funds, thus providing timely and sufficient capital.



II. Investment Policy and Objectives

The Company has established a robust external investment management policy (the “**Investment Policy**”). The Investment Policy is formulated in accordance with, among others, the Company Law of the PRC, the Listing Rules and the Company’s Articles of Association.

Scope of Investments

The Investment Policy permits three categories of external investments (being investment activities conducted domestically or overseas by the Company aimed at implementing its corporate or business strategy, or preservation and appreciation of value):

- equity investments in other enterprises (including establishment of new entities, capital injection and acquisition of equity interests);
- financial investments (including purchase of trading financial assets and available-for-sale financial assets, provision of loans (including entrusted loans) and entrusted wealth management); and
- other investments.

Further, the Company has a list of assets that it refrains from investing in as set out below:

- investment projects that are disproportionate to the Company’s asset size, level of debt-to-asset, actual financing capacity and operational capabilities;
- private credit;
- cryptocurrencies or NFT assets;
- funds or other financial products that are not validly registered under applicable laws;
- junk bonds;
- real estates for investment purpose; and
- luxury assets such as art, jewelry and wine.



Purpose of Investments

All investments must comply with relevant laws and industry related policies, align with the Company's development strategy, enhance competitiveness, facilitate the reasonable allocation of corporate resources, create favorable economic outcomes and promote sustainable development.

Governance and Oversight

The Company has a tiered approval structure for external investments. Depending on the category of external investments, transaction size and financial metrics, the Shareholders, the Board and/or the Chief Executive Officer ("**CEO**") serve as the decision-making bodies for external investments. Where required, such investment should also be disclosed in a timely manner in accordance with relevant laws and regulations, information disclosure rules and requirements under the Listing Rules.

The Board should regularly monitor the implementation progress and returns of major investment projects. If any investment portfolio fails to achieve the expected project returns or incurs investment losses, the Board shall identify the reasons and determine the appropriate measures. The CEO is responsible for leading the external investment projects.

Investment exit is permitted in circumstances as specified in the Investment Policy, such as poor performance, expiry of operating period, strategic misalignment and the Company's voluntary decision to exit the investment based on its funding arrangements.

The Board considers that its investment strategy aligns with the Company's corporate strategy and core business. The Company's main investment strategy involves (i) long-term industrial investments in companies that may have synergies with the Company's core businesses, including, but not limited to, investments in game companies and investments in art or animation companies to enhance product development efficiency; and (ii) short-term financial investments with the objective to obtain stable financial returns within the Company's risk tolerance. One of the Company's purposes of investment is to reasonably allocate the Company's resources and create favorable economic outcomes while maintaining orderly operations of the Company's core business. On the one hand, the Company has set aside sufficient funds for its core business before investing, and the Company's external investment activities do not negatively impact the operation of the Company's core business. On the other hand, based on different nature of investments (industrial investment or financial investment), external investments allow the Company to utilize its reserves in obtaining external resources to support its core business, or directly obtain working capital, forming a virtuous circle, in line with the Company's corporate strategy to promote the development of the Company and enhance the long-term interests of the Shareholders.



III. Risk management and control measures

The Company's risk management and control measures in relation to investment activities are summarized as follows:

(a) Pre-investment:

The Company typically maintains cash reserves equivalent to 12-18 times of its monthly operating expenses, ensuring stable business operations and robust control systems. The Company also conducts monthly review of its cash coverage of short term liabilities due within one year, maintaining a coverage ratio of at least two times. Through its budget tracking system, the Company is able to reserve additional funds for anticipated capital needs.

In relation to investment activities, strict adherence to the Company's external investment management system is required, with professional investment team screening and assessing investment targets, to ensure that the product risk assessment level is within the Company's policy limits. Products operated by professional institutions with good credit status, financial standing, no negative credit records and strong profitability are selected, and corresponding pre-investment due diligence documents are prepared.

(b) Defined risk limits:

The Company applies different risk management policies towards different types of investments.

For short-term investments:

- When overall annual portfolio return falls below a predetermined threshold, the management will conduct in-depth review and suspend new investments; where the overall return rate falls below a further predetermined threshold, the management should report the matter to the Board to decide whether to initiate redemptions of higher-risk investment.
- If the annual return of a single investment falls below a specified threshold and the investment loss exceeds a predetermined amount, the CFO and CEO will conduct an in-depth review of the decision-making process and post-investment management of that investment and redeem the product.
- Since Listing, the Company's short-term investment portfolio has maintained positive annual returns with no single investment having triggered the above thresholds.

For long-term investments:

- Such investments are primarily industrial investments aimed at supporting the Company's businesses, the Company focuses on the investee's long-term capabilities, business prospects rather than short-term financial performance.
- The Company will consider exit when such investments cease to have business synergies or are incapable of generating financial returns.



(c) Contract approval:

The person responsible for executing the particular investment initiates the process, with the finance and legal teams reviewing and providing opinions on the associated investment, financial and legal risks of the terms of the agreement. Contract signing is completed after the approval from the executive Director in charge.

(d) Payment for the investment:

Payment for the investment requires the person responsible for executing the particular investment to initiate via Company's internal system, the finance cashier to review relevant information and approval from the finance manager, Chief Financial Officer ("**CFO**") and CEO is required before payment can be made.

(e) Post-investment management:

The investment team tracks and reports the performance of investment products regularly to identify risks that may result in significant losses and deal with them in a timely manner, or to discuss and assess operations such as renewal or redemption of products. These decisions still require approval before implementation.

The Board should regularly monitor the implementation progress and returns of major investment projects. If any investment portfolio fails to achieve the expected project returns or incurs investment losses, the Board shall identify the reasons and determine the appropriate measures.

IV. Approval and oversight mechanisms

The Company has different approval procedures for long-term and short-term investments.

The process for long-term investments includes preliminary screening, project follow-up (including product trials, founder interviews etc.), due diligence and investment proposal preparation, legal and financial contracts review, Chief Operating Officer ("**COO**") and CEO approval, CFO payment approval. Size tests will be conducted to determine whether announcement and the Board/shareholders' approval are required.

The process for short-term investments include preliminary product screening, due diligence (including legal risk assessment, historical return analysis, investment strategy research, fee negotiations, fund manager interviews), investment proposal preparation, legal and financial contracts review, CFO and CEO approval. Size tests will be conducted to determine whether announcement and the Board/shareholders' approval are required.



Every investment by the Company, regardless of investment amount, requires the CEO's approval. Short-term investments are jointly approved by the CFO and CEO, long-term investments are jointly approved by the COO and CEO, and require CFO payment approval.

For other policies related to governance and oversight of investments, please refer to "II. Investment Policy and Objectives" and "III. Risk management and control measures" sub-sections above.

Future Plans for Material Investments and Capital Assets

As at December 31, 2025, the Group did not have any plans for material investments and capital assets.

Pledge of Assets

As of December 31, 2025, we did not pledge any of our assets.

Capital Expenditure

For the year ended December 31, 2025, our total capital expenditure was approximately RMB3.2 million, compared to approximately RMB2.4 million for the year ended December 31, 2024. Our capital expenditure mainly related to the purchase of office equipment. We funded these expenditures with cash generated from our operating activities. We plan to fund our future capital expenditures with our cash from operating activities.

Contingent Liabilities

As of December 31, 2025, we did not have any material contingent liabilities.

Foreign Exchange Risk Management

We operate globally through overseas third-party distribution channels and are exposed to foreign exchange risk arising from various currency exposures, mainly including USD and JPY. Our foreign exchange risk primarily arose from recognized assets and liabilities when receiving or to receive foreign currencies from overseas counterparties. We managed our foreign exchange risk exposures through foreign currency forward contracts during the year ended December 31, 2025.



MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2025, revenue generated from the Group's five largest customers accounted for 2% (2024: 4%) of the Group's total revenue and our single largest customer accounted for 1% (2024: 2%) of the Group's total revenue.

Certain subsidiaries of G-bits, a substantial shareholder of our Company, have published our games. We refer to G-bits and its subsidiaries as the G-bits Group. G-bits Group is the single largest customer of the Group for the year ended December 31, 2025. Except for G-bits Group, all of our five largest customers for the year ended December 31, 2025 were Independent Third Parties, and none of our Directors, their close associates or any Shareholders which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company has any interest in any of the Group's five largest customers. We deal with all of our customers at arm's length. We negotiate game publishing agreements with the G-bits Group based solely on commercial considerations, and the transaction terms with them are comparable to those with Independent Third-Party customers.

Major Suppliers

For the year ended December 31, 2025, the Group's five largest suppliers accounted for 42% (2024: 35%) of the Group's total purchases and our single largest supplier accounted for 15% (2024: 15%) of the Group's total purchases.

Except for Chengdu Xingqiwan Technology Co. Ltd., being an associate of the Company by virtue of the minority interest held by the Company therein (not more than 10%) and Shenzhen Hot Zone Network Technology Co., Ltd., an associate in which the Company holds minority equity interests, all of our five largest suppliers for the year ended December 31, 2025 were Independent Third Parties, and none of our Directors, their close associates or any Shareholders who, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company has any interest in any of the Group's five largest suppliers.



PRINCIPAL RISKS AND UNCERTAINTIES

We face various risks involved in our daily business operations, including risks that are specific to our game publishing business as well as the industry and regulatory landscape in the PRC. In particular, our commercial launch of mobile games is subject to certain pre-approval and post-filing procedures with the relevant competent regulatory authorities in the PRC, which may change from time to time.

In particular, the rapid advancement of artificial intelligence (AI) technology and popularization of open-source models may accelerate the reshaping of industry landscape. Players' demand for intelligent gaming has driven companies to accelerate the integration of AI capabilities into the entire process of R&D and operation. Technology upgrade not only brought about increased investments in hardware but also intensified competition for high-end talent, which profoundly impacted the industry landscape. To address these challenges, we continued to pay attention to the development of AI technologies, organized employees to learn and practise relevant AI technologies, and endeavoured to incorporate more applications of AI technologies in various aspects to enhance productivity. Meanwhile, we remained steadfast in our commitment to the quality of game content and understood players' thoughts in a timely manner by maintaining close communication with QingCi Enthusiasts, which was essential to both game production and operation. On the premise of guaranteeing player experience, we will strive to explore how to effectively apply AI to improving product quality, optimizing workflows and saving R&D costs.

Apart from this, the rise of domestic AAA games is changing China's game market, significantly raising players' expectations for content depth, cultural attributes and technology performance. To this end, we maintained our commitment to premium content as our core competitiveness. We will continue to refine our self-developed products while identifying and incorporating into Qingci's operating system high-quality third-party products that are popular amongst players. Also, we will further look into the specific strategies with respect to optimizing product commercialization, so as to thrive in a broader and more challenging market.

For other risks faced by the Group and response strategies, please also refer to the section headed "Risk Management And Internal Control – Significant Risks of the Company" on pages 178 to 180 of this annual report. We also operate our business under contractual arrangements, and are therefore subject to the related risks which are summarized in the section headed "Contractual Arrangements – Risks relating to the Contractual Arrangements" on pages 60 to 61 of this annual report.



Report of The Directors

The Board of the Company is pleased to present this annual report of Directors together with the Consolidated Financial Statements of the Group for the year ended December 31, 2025.

PRINCIPAL ACTIVITIES

We are an established mobile game developer and publisher in China, offering mobile games that are designed to provide captivating content as well as distinctive and engaging gameplay experiences to players in Mainland China and overseas. As a leader in casual games, especially idle games and Rogue-like RPGs in China, we have developed, published and operated a number of popular games.

An analysis of the Group's revenue and operating results for the year ended December 31, 2025 by its principal activities is set out in Management Discussion and Analysis section.

Particulars of the Company's principal subsidiaries as at December 31, 2025 are set out in Note 1 "General information and basis of presentation" to the Consolidated Financial Statements.

BUSINESS REVIEW

A fair review of the business of the Group, a description of the principal risks and uncertainties facing the Company, the outlook of future development of the business of the Group as well as a discussion and analysis of the Group's performance during the Reporting Period and the material factors underlying its financial performance and financial position as required by section 388(2) and Schedule 5 to the Companies Ordinance can be found in the section headed "Management Discussion and Analysis" of this annual report.

The financial risk management objectives and policies of the Group are set out in Note 3 "Financial Risk Management" to the Consolidated Financial Statements.

Further details relating to the Group's relationships with its key stakeholders, the Group's environmental policies and performance, as well as the compliance with the relevant laws and regulations that have a significant impact on the Group can be found in the "Environmental, Social and Governance Report" on pages 69 to 156. The "Management Discussion and Analysis" and the "Environmental, Social and Governance Report" form part of this annual report.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the financial position of the Group for the last five years is set out on page 291 of this annual report.



RESULTS

The results of the Group for the year ended December 31, 2025 are set out in the Consolidated Financial Statements on pages 187 to 290.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company (the “**2025 AGM**”) will be held on Tuesday, June 9, 2026. The notice of the 2025 AGM will be published on the websites of the Company (www.qcplay.com) and the Stock Exchange (www.hkexnews.hk) in April 2026.

FINAL DIVIDEND

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2025 (for the year ended December 31, 2024: nil). In making this decision, the Board considered factors including the Group’s profitability, cash flow, financial position, future capital requirements and business development plans, and is of the view that reinvesting profits to support R&D, innovation and global expansion at this stage of the Company’s development represents the optimal path to maximizing the Shareholder value. This is particularly in light of the Company’s substantial capital commitments in 2026, including its collaboration with Disney, 迪士尼：書境傳奇, the release of *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙) in Japan and the release of *The Marvelous Snail/SuperSnail* (最強蝸牛) in South Korea.

Furthermore, the Board reviews the Company’s dividend policy at least annually and will actively consider different measures to enhance Shareholders’ return including declaring dividends or implementing share buy-backs.

The Company is not aware of any arrangement under which the Shareholders have waived or agreed to waive any dividend.

CLOSURE OF REGISTER OF MEMBERS

In relation to the 2025 AGM

For ascertaining Shareholders’ right to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Thursday, June 4, 2026 to Tuesday, June 9, 2026, both days inclusive, during which period no transfer of Shares will be effected.

In order to be eligible to attend and vote at the forthcoming 2025 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, June 3, 2026 for registration. Shareholders whose names appear on the register of members of the Company on Tuesday, June 9, 2026 (being the record date) will be entitled to attend and vote at the 2025 AGM.



ENVIRONMENTAL POLICIES AND PERFORMANCE

We are committed to promoting a sustainable and environmental friendly environment. We endeavour to comply with the relevant laws and regulations regarding environmental protection and implement effective measures to achieve efficient use of resources, waste reduction and energy saving. For instance, (1) special personnel are arranged to inspect the waste of resources irregularly, for example, whether electrical power such as electronic equipment, lights and air conditioning are switched off or not; (2) reminders such as “Saving Power” are put up to the air conditioning and light switches; and (3) all end-of life electronic equipment and some equipment with secondary use value are handed over to suppliers with recycling qualifications for disposal in the daily operation and office activities. We also review our environmental policies on a regular basis.

In accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 of the Listing Rules, the Company’s “Environmental, Social and Governance Report” can be found on pages 69 to 156.

COMPLIANCE WITH LAWS AND REGULATIONS

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

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 Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

BOARD COMMITTEES

Please refer to pages 165 to 174 of the Corporate Governance Report for further details in relation to (1) Remuneration Committee, (2) Audit Committee, and (3) Nomination Committee as established by the Board.



DIRECTORS

The Directors during the Reporting Period and up to the Latest Practicable Date were:

Executive Directors

Mr. Yang Xu (*Chairman*)
Mr. Huang Zhiqiang (*Chief Executive Officer*)
Mr. Liu Siming
Mr. Zeng Xiangshuo

Independent Non-executive Directors

Professor Lam Sing Kwong Simon
Mr. Yuan Yuan
Ms. Fang Weijin

In accordance with article 16.19 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Accordingly, Mr. Yang Xu, Mr. Huang Zhiqiang and Ms. Fang Weijin shall retire from office by rotation at the forthcoming 2025 AGM and, being eligible, will offer themselves for re-election.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with us under which they agreed to act as Executive Directors for an initial term of three years or until the third annual general meeting of our Company since the Listing Date (whichever is sooner and subject to automatic renewal upon approval of re-appointment of the Director by the Shareholders in annual general meetings of the Company), which may be terminated by not less than three months' notice in writing served by either the Executive Director or us.

Except for Mr. Yuan Yuan ("**Mr. Yuan**"), each of the independent non-executive Directors has signed an appointment letter with us for an initial term of three years or until the third annual general meeting of our Company since the Listing Date (whichever is sooner and subject to automatic renewal upon approval of re-appointment of the Director by the Shareholders in annual general meetings of the Company), respectively, with effect from the Listing Date. Mr. Yuan has signed an appointment letter with us for a term of three years commencing from October 17, 2023. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee.

The above appointments are always subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors has entered into a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.



PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

Such permitted indemnity provision has been in force for the year ended December 31, 2025. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Related Party Transactions" below and Note 35 "Related Party Transactions" to the Consolidated Financial Statements, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the Reporting Period.

MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

EMPLOYEES, REMUNERATION AND PENSION SCHEME

As of December 31, 2025, we had 542 full-time employees, substantially all of whom were based in Mainland China and 17 of whom were based overseas.

We offer our employees competitive compensation packages and a collaborative working environment and, as a result, we have generally been able to attract and retain qualified personnel and maintain a stable, core management team. We compensate our employees with basic salaries, subsidies, and performance-based and annual bonuses, and pay, on behalf of our employees, monthly social insurance premiums covering basic pension insurance, basic medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing reserve fund.

We recruit talent primarily from job fairs as well as word-of-mouth referrals. We provide regular training to our employees covering various aspects including our culture and technical know-how. We also follow up with the employees to evaluate the effect of the training, which is aimed at enhancing our employees' skillset and helping them stay up-to-date with industry and technology developments. In addition, we discover and incubate future game producers who display strong innovation and game design talent. We encourage and support our employees keen on mobile game development to become our producers. They may form new core project teams with other like-minded employees to develop new games.



REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management are supervised by the Remuneration Committee and determined by the Board with reference to their duties, responsibilities and performance and the results of the Company as well as the prevailing market conditions. Details of the Directors' remuneration are set out in Note 7(b) "Directors' and chief executive's emoluments" to the Consolidated Financial Statements.

For the year ended December 31, 2025, the emoluments of senior management team (which comprises our executive Directors and other senior management members) fell within the following bands:

	Number of individuals
Emolument bands (in HKD)	
HKD1,500,001–HKD2,000,000	2
HKD2,500,001–HKD3,000,000	1
HKD3,000,001–HKD3,500,000	1
HKD3,500,001–HKD4,000,000	1
Total	5

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at December 31, 2025, none of the Directors or their associates has any competing interests in the businesses which compete or are likely to compete, directly or indirectly, with our Group or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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



PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Reporting Period are set out in Note 14 “Property, Plant and Equipment” to the Consolidated Financial Statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the Reporting Period and details of the Shares issued during the Reporting Period are set out in Note 25 “Share Capital And Share Premium” to the Consolidated Financial Statements.

DONATION

During the Reporting Period, the Group made approximately RMB0.1 million of charitable donation to public welfare and charitable organizations.

DEBENTURE ISSUED

The Group did not issue any debenture during the Reporting Period.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed during the Reporting Period.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year ended December 31, 2025 are set out in Note 25 to the Consolidated Financial Statements. The distributable reserves of the Company as at December 31, 2025 were approximately RMB5,118 million.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at December 31, 2025 are set out in the section headed “Management Discussion and Analysis” in this annual report and Note 29 to the Consolidated Financial Statements.



CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 157 to 186 of this annual report.

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

As at the Latest Practicable Date, the interests or short positions of our Directors and chief executives 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 (i) 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 (ii) to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules were as follows:

Name of Director	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest ⁽¹⁾
Mr. Yang Xu ("Mr. Yang") ⁽²⁾	Settlor of a discretionary trust	206,057,019	29.81%
Mr. Huang Zhiqiang ("Mr. Huang") ⁽³⁾	Settlor of a discretionary trust	25,015,715	3.62%
	Interest in controlled corporation	37,307,058	5.40%
Mr. Liu Siming ("Mr. Liu") ⁽⁴⁾	Settlor of a discretionary trust	12,842,792	1.86%
Mr. Zeng Xiangshuo ("Mr. Zeng") ⁽⁵⁾	Interest in controlled corporation	7,439,214	1.08%



REPORT OF THE DIRECTORS

Notes:

- (1) *The calculation is based on the total number of issued shares of the Company as at the Latest Practicable Date, being 691,330,500 Shares.*
- (2) *The Company is held as to 29.81% by Keiskei Holding Ltd., following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Keiskei Holding Ltd. is a company incorporated in the British Virgin Islands (the "BVI") and is held as to 99% by Yang Family Holding Limited and 1% by Keiskei QC Ltd., a company wholly-owned by Mr. Yang. Yang Family Holding Limited is held by the Peter Yang Family Trust, which was established by Mr. Yang as the settlor. TMF (Cayman) Ltd. is the trustee of the Peter Yang Family Trust, and Mr. Yang and his family members are the beneficiaries of the Peter Yang Family Trust. As such, Mr. Yang is deemed to be interested in our Shares held by Keiskei Holding Ltd. Mr. Yang is also a director of Keiskei Holding Ltd.*
- (3) *The Company is held as to 3.62% and 5.40% by Intelligence QC Holding Ltd. and Intelligence QC Ltd., respectively, following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Intelligence QC Holding Ltd. is a company incorporated in the BVI and is held as to 99% by Intelligence Future Holding Limited and 1% by Intelligence QC Ltd., a company wholly-owned by Mr. Huang. Intelligence Future Holding Limited is held by Intelligence Future Trust, which was established by Mr. Huang as the settlor. TMF (Cayman) Ltd. is the trustee of Intelligence Future Trust, and Mr. Huang and his family members are the beneficiaries of the Intelligence Future Trust. As such, Mr. Huang is deemed to be interested in our Shares held by Intelligence QC Holding Ltd. and Intelligence QC Ltd. Mr. Huang is also a director of Intelligence QC Holding Ltd.*
- (4) *The Company is held as to 1.86% by Gentle Tiger Holding Ltd., following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Gentle Tiger Holding Ltd. is a company incorporated in the BVI and is held as to 99% by Sebastian Family Holding Limited and 1% by Gentle Tiger Ltd., a company wholly-owned by Mr. Liu. Sebastian Family Holding Limited is held by the Sebastian Family Trust, which was established by Mr. Liu as the settlor. TMF (Cayman) Ltd. is the trustee of the Sebastian Family Trust, and Mr. Liu and his family members are the beneficiaries of the Sebastian Family Trust. As such, Mr. Liu is deemed to be interested in our Shares held by Gentle Tiger Holding Ltd. Mr. Liu is also a director of Gentle Tiger Holding Ltd.*
- (5) *Cloud Rings Ltd. is a company incorporated in the BVI which owns 7,439,214 shares of the Company and is wholly-owned by Mr. Zeng. As such, Mr. Zeng is deemed to be interested in the 7,439,214 Shares held by Cloud Rings Ltd.*

Save as disclosed above, so far as the Directors and the chief executive of the Company are aware, none of the Directors or the chief executive of the Company had registered an interest or short position in any Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified under Division 7 and 8 of Part XV of the SFO or recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



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

As at the Latest Practicable Date, the interests of relevant persons (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or the underlying shares, as recorded in the register required to be kept under Section 336 of SFO, were as follows:

Name of Shareholder	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest ⁽¹⁾
Keiskei Holding Ltd. ⁽²⁾	Beneficial owner (L)	206,057,019	29.81%
Yang Family Holding Limited ⁽²⁾	Interest in controlled corporation (L)	206,057,019	29.81%
Mr. Yang ⁽²⁾	Settlor of a discretionary trust (L)	206,057,019	29.81%
HK Kunpan ⁽³⁾	Beneficial owner (L)	128,243,058	18.55%
G-bits ⁽³⁾	Interest in controlled corporation (L)	128,243,058	18.55%
Intelligence QC Ltd. ⁽⁴⁾	Beneficial owner (L)	37,307,058	5.40%
Mr. Huang ⁽⁴⁾	Settlor of a discretionary trust (L)	25,015,715	3.62%
	Interest in controlled corporation (L)	37,307,058	5.40%
Rapid Yacht Ltd. ⁽⁵⁾	Beneficial interest (L)	47,338,076	6.85%
Mr. Ye Jiting ("Mr. Ye") ⁽⁵⁾	Interest in controlled corporation (L)	47,338,076	6.85%
TMF (Cayman) Ltd. ⁽⁶⁾	Trustee (L)	243,915,526	35.28%
Alibaba Qookka ⁽⁷⁾	Beneficial interest (L)	36,884,938	5.34%
Alibaba ⁽⁷⁾	Interest in controlled corporation (L)	36,884,938	5.34%



REPORT OF THE DIRECTORS

Notes:

- (1) *The calculation is based on the total number of issued shares of the Company as at the Latest Practicable Date, being 691,330,500 Shares.*
- (2) *The Company is held as to 29.81% by Keiskei Holding Ltd., following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Keiskei Holding Ltd. is a company incorporated in the BVI and is held as to 99% by Yang Family Holding Limited and 1% by Keiskei QC Ltd., a company wholly-owned by Mr. Yang. Yang Family Holding Limited is held by the Peter Yang Family Trust, which was established by Mr. Yang as the settlor. TMF (Cayman) Ltd. is the trustee of the Peter Yang Family Trust, and Mr. Yang and his family members are the beneficiaries of the Peter Yang Family Trust. As such, Mr. Yang is deemed to be interested in our Shares held by Keiskei Holding Ltd. Mr. Yang is also a director of Keiskei Holding Ltd.*
- (3) *HK Kunpan is a direct wholly-owned subsidiary of G-bits.*
- (4) *The Company is held as to 3.62% and 5.40% by Intelligence QC Holding Ltd. and Intelligence QC Ltd., respectively, following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Intelligence QC Holding Ltd. is a company incorporated in the BVI and is held as to 99% by Intelligence Future Holding Limited and 1% by Intelligence QC Ltd., a company wholly-owned by Mr. Huang. Intelligence Future Holding Limited is held by Intelligence Future Trust, which was established by Mr. Huang as the settlor. TMF (Cayman) Ltd. is the trustee of Intelligence Future Trust, and Mr. Huang and his family members are the beneficiaries of the Intelligence Future Trust. As such, Mr. Huang is deemed to be interested in our Shares held by Intelligence QC Holding Ltd. and Intelligence QC Ltd. Mr. Huang is also a director of Intelligence QC Holding Ltd.*
- (5) *The Company is held as to 6.85% by Rapid Yacht Ltd., and Rapid Yacht Ltd. is wholly owned by Mr. Ye. As such, Mr. Ye is deemed to be interested in our Shares held by Rapid Yacht Ltd.*
- (6) *TMF (Cayman) Ltd. is the trustee of Intelligence Future Trust, Peter Yang Family Trust and Sebastian Family Trust which in aggregate held 243,915,526 Shares. Hence, TMF (Cayman) Ltd. is deemed to be interested in such 243,915,526 Shares as a trustee.*
- (7) *Alibaba Qookka is ultimately owned by Alibaba.*

Save as disclosed above, so far as the Directors are aware, no other persons had registered an interest or short position in any Shares or underlying shares or debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO, or as otherwise notified.



RELATED PARTY TRANSACTIONS

Details of the related party transactions were set out in Note 35 “Related Party Transactions” to the Consolidated Financial Statements. Details of any related party transaction which constitute continuing connected transaction not exempted under Chapter 14A of the Listing Rules are disclosed below.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group renewed its connected transactions as disclosed in the Prospectus, the following transactions of our Group constituted continuing connected transactions of the Company and are subject to reporting requirements under Chapter 14A of the Listing Rules.

Connected Persons

G-bits, through its indirectly wholly-owned subsidiary, HK Kunpan, holds 18.55% of the total issued shares in the Company following the completion of the Global Offering and the partial exercise of the over-allotment option on January 7, 2022. Accordingly, G-bits is a substantial shareholder of our Group, and therefore G-bits and its subsidiaries are connected persons of our Company pursuant to Chapter 14A of the Listing Rules.

Property Leasing and Administrative Services

On November 18, 2021, the Company and G-bits entered into a property leasing and administrative services framework agreement, which commenced on the Listing Date and expired on December 31, 2023 (the “**2021 Property Leasing and Administrative Services Framework Agreement**”). To continue the transactions contemplated under 2021 Property Leasing and Administrative Services Framework Agreement, the Company and G-bits entered into a property leasing and administrative services framework agreement on October 17, 2023, (the “**2023 Property Leasing and Administrative Services Framework Agreement**”) for the Group to continue to use certain properties owned by G-bits as office premises and certain ancillary office administrative services (including but not limited to environmental sanitation, security management services, site hardware and equipment for offices and the maintenance and repair of its site hardware and equipment) provided by G-bits with regards to these office premises.

Pursuant to the 2023 Property Leasing and Administrative Services Framework Agreement, G-bits and/or its subsidiaries shall lease to the Group office premises in an office building located in Xiamen, the PRC with an aggregate gross area of approximately 2,187.49 square meters as office premises and provide to the Group ancillary office administrative services for these office premises. The Group may increase or decrease rental property space from G-bits or its subsidiaries in accordance with the actual demand of the Group. The Company and its subsidiaries as tenants on the one part and G-bits and its subsidiaries as landlords on the other part shall enter into separate lease and administrative services agreements and comply with the principles and conditions provided in the 2023 Property Leasing and Administrative Services Framework Agreement.

The term of the 2023 Property Leasing and Administrative Services Framework Agreement shall commence from January 1, 2024 and expire on December 31, 2026.



Reasons for and benefits of the transactions

Our Group has been leasing the abovementioned office premises for its business operations for over seven years. Due to the expansion of the Group's business and the limited office premises at the time, some of the Group's staff has been relocated to other office premises newly leased and thus the Group has reduced the aggregate gross area to be rented from the G-bits Group under the 2023 Property Leasing and Administrative Services Framework Agreement. Nonetheless, the Company considers that the continuous leasing of the abovementioned office premises accommodates the business needs of the Group and that any relocation may cause unnecessary disruption to its business operation and incur unnecessary costs.

Annual caps

The annual caps of the aggregate lease and administrative services payments to be made by our Group under the 2023 Property Leasing and Administrative Services Framework Agreement for the years ending December 31, 2025 and 2026 respectively, are set out in the table below:

	For the years ending December 31,	
	2025 RMB'000	2026 RMB'000
Value of right-of-use assets	3,194	0
Lease and administrative services expenses payable by the Group to G-bits Group	3,600	4,320

The total amount incurred by the Group under the 2023 Property Leasing and Administrative Services Framework Agreement for the year ended December 31, 2025 was approximately RMB2.1 million.



Game Cooperation with G-bits

On November 18, 2021, we and G-bits entered into a game cooperation framework agreement (the “**2021 Game Cooperation Framework Agreement**”), which commenced on the Listing Date and expired on December 31, 2023. On October 17, 2023, the Company and G-bits entered into the 2023 game cooperation framework agreement (the “**2023 Game Cooperation Framework Agreement**”), pursuant to which, the Group agreed to continue to (i) license games of G-bits Group to the Group for publishing and operating on the Company’s platforms in designated regions on an exclusive basis (expense-based); and (ii) license the games of the Group to G-bits Group for publishing and operating such games on G-bits’ platforms in designated regions on an exclusive basis (revenue-based). The Group and G-bits Group also agreed to (i) continue to participate in marketing games licensed to the exclusive publication and operation of the other party in designated regions and (ii) jointly promote and develop games. The Group and G-bits Group shall pay fees to each other (as the case may be). The precise scope of cooperation, the calculation of fees and other details of the cooperation shall be agreed between the relevant parties separately.

The term of the 2023 Game Cooperation Framework Agreement is three financial years commencing from January 1, 2024 and expiring on December 31, 2026.

Reasons for and benefits of the transactions

G-bits develops, publishes and operates a large number of online games in the PRC. While the Group typically publishes and operates games which were self-developed, the Group also has commercial liberty to (i) engage third-party publishers to publish and operate games that the Group has self-developed; and (ii) obtain licenses from third-party game developers to publish and operate games owned by them to maximize its earnings. It is expected that the Group and G-bits Group could leverage each other’s competitive advantages in products and platforms and players’ pool to improve popularity of games owned by each other, increase the number of platform users and leverage each other’s game publishing and operating capabilities.



Annual caps

The annual caps for the fees payable by our Group to G-bits Group and the fees payable by G-bits Group to our Group under the 2023 Game Cooperation Framework Agreement for the years ending December 31, 2025 and 2026, respectively, are set out in the table below:

	For the years ending December 31,	
	2025 RMB'000	2026 RMB'000
(a) Fees payable by our Group to G-bits Group (Expense-based)	22,000	15,000
(b) Fees payable by G-bits Group to our Group (Revenue-based)	24,138	21,724

The total fees payable by our Group to G-bits Group (expense-based) and by G-bits Group to our Group (revenue-based) under the 2023 Game Cooperation Framework Agreement for the year ended December 31, 2025 were approximately RMB1.0 million and RMB5.4 million respectively.

Marketing and Promotion Cooperation with G-bits

Pursuant to the 2023 Game Cooperation Framework Agreement, our Group and G-bits Group also agreed to cooperate on marketing and promoting games owned by the other party on its own platforms. G-bits Group shall provide marketing and promotion services, including but not limited to marketing, promotion and advertising to our Group for our games on platforms operated by G-bits Group. Meanwhile, our Group shall provide marketing and promotion services, including but not limited to marketing, promotion and advertising to G-bits Group for G-bits Group's games on platforms operated by our Group.



In return for the marketing and promotion services provided, our Group and G-bits Group will pay the other party marketing and promotion fees using one or more of the following methods, depending on the means of cooperation:

- Cost per action: charged based on the number of newly activated users;
- Cost per click: charged based on the price of each click and number of clicks of online users;
- Cost per sale: charged based on the users' actual top-up amount;
- Fixed amount of marketing and promotion fee with reference to the prevailing market rates; or
- Other fee arrangements agreed by the parties with reference to the prevailing market rates.

The channel expense will be agreed by the parties separately.

The term of the 2023 Game Cooperation Framework Agreement is three financial years commencing from January 1, 2024 and expiring on December 31, 2026.

Reasons for and benefits of the transactions

Our Group has been engaging G-bits Group for their marketing and promotion services and we expect to continue engaging G-bits Group for their marketing and promotion services. G-bits Group has a strong marketing platform in the PRC and offers comprehensive marketing and promotion services to mobile game companies. We believe that G-bits Group will be able to enhance popularity and commercial potential of our games extensively and we will tap into the diverse pool of potential game players on G-bits Group's platforms. In addition, we also expect to continue the cooperation with G-bits Group on the provision of our marketing and promotion services to G-bits Group. As our Group continues to develop more games and operate more gaming platforms, we believe through providing marketing and promotion services to third party game developers (including G-bits Group), it will create a new revenue stream for our Group and diversify our revenue base and improve our market position.



Annual caps

The annual caps for the fees payable by our Group to G-bits Group and the fees payable by G-bits Group to our Group under the 2023 Game Cooperation Framework Agreements for the years ending December 31, 2025 and 2026, respectively, are set out in the table below:

	For the years ending December 31,	
	2025 RMB'000	2026 RMB'000
(a) Marketing and promotion services fees payable by our Group to G-bits Group (<i>Expense-based</i>)	90,000	108,000
(b) Marketing and promotion services fees payable by G-bits Group to our Group (<i>Revenue-based</i>)	6,000	7,000

The total marketing and promotion services fees payable by our Group to G-bits Group (expense-based) and by G-bits Group to our Group (revenue-based) under the 2023 Game Cooperation Framework Agreement for the year ended December 31, 2025 were approximately RMB0.5 million and RMB0.9 million respectively.

Confirmation by the Independent Non-executive Directors

The Independent Non-executive Directors have reviewed the above continuing connected transactions and have confirmed that such transactions are:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better terms; and
- (iii) in accordance with the agreements related to such transactions, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.



Confirmation by the Auditors

Based on the work performed, the auditor of the Company confirmed to the Board that nothing has come to their attention that causes them to believe that the aforesaid continuing connected transactions:

- (1) have not been approved by the Board;
- (2) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- (3) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) have exceeded the annual cap as set by the Company.

Save as disclosed above, the related party transactions referred in Note 35 to the Consolidated Financial Statements do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

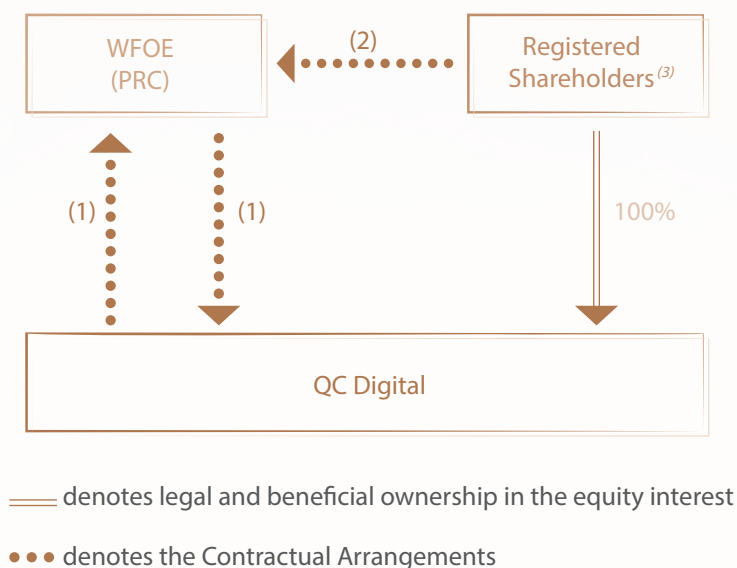
Save as disclosed in this annual report, and except the continuing connected transactions that were fully exempted pursuant to Chapter 14A of the Listing Rules, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the Reporting Period in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

CONTRACTUAL ARRANGEMENTS

On May 26, 2021, a series of Contractual Arrangements have been entered into by WFOE, QC Digital and the Registered Shareholders through which we obtain control over the operations of, and enjoy all economic benefits of our PRC Consolidated Affiliated Entities. The existing agreements underlying such Contractual Arrangements comprise: (i) Exclusive Business Cooperation Agreement; (ii) Exclusive Option Agreement; (iii) Equity Pledge Agreement; and (iv) Voting Rights Proxy Agreement and Powers of Attorney. The Contractual Arrangements allow the results of operations and assets and liabilities of QC Digital and its subsidiaries to be consolidated into our results of operations and assets and liabilities under IFRS as if they were subsidiaries of our Group.



The following simplified diagram illustrates the flow of economic benefits from our PRC Consolidated Affiliated Entities to WFOE as stipulated under the Contractual Arrangements.



Notes:

- (1) WFOE provides technical consultation and other services in exchange for service fees from QC Digital. See “– Summary of the Contractual Arrangements” below.
- (2) The Registered Shareholders (i) executed an exclusive option agreement in favor of WFOE, for the acquisition of all or part of the equity interests and/or assets in QC Digital; (ii) granted security interests in favor of WFOE, over the entire equity interests in QC Digital held by Registered Shareholders; and (iii) executed the Voting Rights Proxy Agreement and Powers of Attorney in favor of WFOE, for the exercise of all shareholders’ rights in QC Digital. The spouse of each relevant individual shareholders executed an undertaking in favor of WFOE. See “– Summary of the Contractual Arrangements” below.
- (3) Wofan Qihang, G-bits, Xiamen Sealand, Guangxi Tencent Venture Capital Co., Ltd. (廣西騰訊創業投資有限公司), Alibaba Lingxi and Shanghai Hode and the relevant individual shareholders (including Mr. Yang, Mr. Huang, Mr. Liu, Mr. Zeng, Mr. Wei, Mr. Ye and Mr. Lin) are collectively referred to as “Registered Shareholders”.
- (4) In addition to the restricted and/or prohibited business of our Company, QC Digital also directly or indirectly holds investment in certain entities in the PRC (the “**Relevant Entities**” and each a “**Relevant Entity**”), each of which (i) is engaged in business subject to foreign investment prohibition under the Negative List which will impair the continuous validity of the relevant licenses or permits of the prohibited businesses held or invested by these entities; or (ii) does not currently carry out business operations that are subject to foreign investment prohibition under the Negative List, however, such Relevant Entity intend to invest or engage in potential businesses which are subject to foreign investment prohibition and has expressly rejected our Company’s proposed transfer of the interest in these entities held by QC Digital to WFOE. It would be impracticable to obtain the consent and/or the assistance from all of the relevant stakeholders required for our Company’s proposed transfer of the interest in the Relevant Entities held by QC Digital to WFOE. For further details of these Relevant Entities, please refer to section headed “Contractual Arrangements” of the Prospectus.



Summary of the Contractual Arrangements

A description of each of the specific agreements that comprises the Contractual Arrangements is set out below:

Exclusive Business Cooperation Agreement

Pursuant to an exclusive business cooperation agreement dated May 26, 2021 entered into between WFOE and QC Digital (the “**Exclusive Business Cooperation Agreement**”), QC Digital agreed to engage WFOE as its exclusive provider to provide QC Digital with technical consultation and services, including but not limited to, (i) business operation and management consultation; (ii) technical consultation; (iii) marketing and promotion consultation, and providing solutions for marketing and promotion; (iv) daily management, maintenance and update of the hardware and database; (v) development, maintenance and update of the software and system; (vi) daily maintenance, debugging and troubleshooting of computer network equipment; (vii) rental of equipment; (viii) human resource support and employee training; and (ix) other services permitted under PRC law as required by QC Digital from time to time. In exchange for these services, QC Digital shall pay a service fee, which shall consist of the total consolidated profit of QC Digital in any financial year, after the deduction of operating costs, expenses, taxes and other statutory contributions in the corresponding financial year, which may include any accumulated deficit of QC Digital and all of its consolidated subsidiaries in respect of the preceding financial year(s) (if any). Meanwhile, QC Digital agreed to any adjustment WFOE may make at its sole discretion on the service fee based on (i) the complexity of the technical support, the technical consultation and other services provided; (ii) the time required for providing services; (iii) the content and commercial value of the services provided; and (iv) the market price of the same type of services. QC Digital has agreed to pay the service fee to a bank account designated by WFOE within five (5) business days after WFOE issues the payment notice. During the term of the Exclusive Business Cooperation Agreement, WFOE enjoys all the economic benefits in relation to our PRC Consolidated Affiliated Entities business operation.

The Exclusive Business Cooperation Agreement shall remain effective unless (i) the entire equity interests held by the Registered Shareholders in QC Digital or the entire assets held by QC Digital have been transferred to WFOE or its appointee(s); (ii) terminated in writing by WFOE thirty days in advance; (iii) when QC Digital ceases to operate any business, becomes insolvency, bankruptcy or subject to liquidation or dissolution procedures; or (iv) when it is legally permissible for WFOE to hold equity interests directly or indirectly in QC Digital and WFOE or its appointee(s) is registered to be the shareholder of QC Digital. QC Digital is not contractually entitled to unilaterally terminate the Exclusive Business Cooperation Agreement with WFOE.



Exclusive Option Agreement

Pursuant to an exclusive option agreement dated May 26, 2021, entered into among WFOE, QC Digital and the Registered Shareholders (the “**Exclusive Option Agreement**”), WFOE has the irrevocable, unconditional and exclusive right to purchase, or to designate one or more persons/entities to purchase, from the Registered Shareholders all or any part of their equity interests in QC Digital and from QC Digital all or any part of the assets of QC Digital at any time in WFOE’s absolute discretion in accordance with the provision of the Exclusive Option Agreement and to the extent permitted by the PRC laws. The consideration in relation to purchasing equity interests from the Registered Shareholders shall be the nominal price or the lowest price as permitted under the applicable PRC laws. The consideration in relation to purchasing assets from QC Digital shall be the lowest price as permitted under the applicable PRC laws. The Registered Shareholders shall return the consideration received to WFOE or any person/entity designated by WFOE.

The Exclusive Option Agreement shall remain effective unless terminated in the event that (i) the entire equity interests held by the Registered Shareholders in QC Digital or the entire assets held by QC Digital have been transferred to WFOE or its appointee(s); or (ii) in writing by WFOE thirty days in advance.

Equity Pledge Agreement

Pursuant to the Equity Pledge Agreement dated May 26, 2021 entered into between WFOE, QC Digital and the Registered Shareholders (the “**Equity Pledge Agreement**”), the Registered Shareholders agreed to unconditionally and irrevocably pledge all of their respective equity interests in QC Digital to WFOE as collateral security for securing the performance of their obligations under the Contractual Arrangements or for any and all of the secured indebtedness under the Contractual Arrangements. During the pledge period, WFOE is entitled to receive any dividends arising from the equity interests in QC Digital held by the Registered Shareholders.

The Equity Pledge Agreement came into effect upon execution and shall remain valid until after all the contractual obligations of the Registered Shareholders and QC Digital under the Contractual Arrangements have been fully performed and all the secured indebtedness of the Registered Shareholders and QC Digital under the Contractual Arrangements have been fully settled. The Registered Shareholders should complete the registration with the relevant administration for market regulation in accordance with the Equity Pledge Agreement.



Voting Rights Proxy Agreement and Powers of Attorney

The Registered Shareholders, WFOE and QC Digital entered into the voting rights proxy agreement (the **"Voting Rights Proxy Agreement"**) on May 26, 2021, pursuant to which, each of the Registered Shareholders agreed to enter into a power of attorney respectively (the **"Powers of Attorney"**) through which each of the Registered Shareholders shall agree to irrevocably appoint WFOE or its appointees as their exclusive agents to act on their behalf to exercise all of their respective rights as the shareholder of QC Digital in accordance with applicable laws and the articles of association of QC Digital. These rights include, among other things, the rights (i) to propose, convene and attend shareholders' meetings of QC Digital, and sign shareholders' meeting minutes, resolutions and other relevant documents in the capacity of a proxy of the Registered Shareholders; (ii) to exercise the voting rights on behalf of the Registered Shareholder on all the resolutions which shall be approved at shareholders' meeting, including but not limited to (a) the election and appointment of directors and other senior management of QC Digital who should be appointed or removed by the shareholders of QC Digital; (b) the sale, transfer, pledge or disposal of any or all equity interests or assets of QC Digital; (c) the decision on the increase or decrease of QC Digital's registered capital, and merger, division, dissolution or liquidation of QC Digital; and (d) the amendments to the articles of association of QC Digital; (iii) to submit any required document to relevant government authorities; (iv) to sign or submit any required document to any company registry or other authorities; (v) to designate or appoint and remove the legal representative, directors, supervisors and other senior management of QC Digital who should be appointed and removed by the shareholders of QC Digital; and (vi) the right to exercise any other rights of shareholders pursuant to PRC laws and the articles of association of QC Digital.

The Voting Rights Proxy Agreement shall remain effective unless (i) when it is legally permissible for WFOE to hold equity interests directly or indirectly in QC Digital and WFOE or its appointee(s) is registered to be the sole shareholder of QC Digital; or (ii) terminated in writing by WFOE thirty days in advance.

Spouse Undertakings

The spouse of each of the relevant individual shareholders, where applicable, has signed an undertaking (the **"Spouse Undertakings"**) to the effect that (i) the spouse has full knowledge of and unconditionally and irrevocably consents to the entering into of the Contractual Arrangements (as amended from time to time) among the respective relevant individual shareholders, WFOE and QC Digital; (ii) the spouse shall be bound by the Contractual Arrangements (as amended by QC Digital from time to time) and take all necessary actions to ensure the appropriate implementation of the Contractual Arrangements; (iii) the spouse has no direct right to or interest in such interests of the relevant individual shareholder and will not have any claim on such interests; and (iv) in the event that the spouse of the relevant individual shareholders holds the interests in QC Digital, such spouse shall enter into a series of agreements which are similar to the Contractual Arrangements with WFOE and QC Digital as requested by WFOE.



Reasons for adopting the Contractual Arrangement

Our principal business, being the publication and operation of games through mobile apps and websites, falls within the scope of both (i) internet cultural business, which according to the Negative List foreign investments are prohibited to operate; and (ii) “value-added telecommunication service” under the Telecommunications Regulations (《電信條例》), where foreign investors are not allowed to hold more than 50% equity interests in any enterprise conducting such business. In view of the aforementioned PRC regulatory background, we determined that it was not viable for our Company to hold our PRC Consolidated Affiliated Entities directly through equity ownership. For further details of the foreign investment restrictions relating to the Contractual Arrangements, please refer to the section headed “Contractual Arrangements” of the Prospectus.

Risks relating to the Contractual Arrangements

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

- If the PRC government finds that our Contractual Arrangements are not in compliance with applicable PRC laws and regulations, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our PRC Consolidated Affiliated Entities.
- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. QC Digital or its shareholders may fail to perform their obligations under our Contractual Arrangements.
- Any failure by QC Digital or its shareholders to perform their obligations under our Contractual Arrangements would have a material adverse effect on our business.
- Substantial uncertainties exist with respect to the interpretation and implementation of the FIL and how it may impact the viability of our current corporate structure, corporate governance and business operations.
- We may lose the ability to use and enjoy assets held by any of our PRC Consolidated Affiliated Entities that are material to our business operations if it goes bankrupt or becomes subject to a dissolution or liquidation proceeding.
- Certain terms of the Contractual Arrangements may not be enforceable under PRC laws.
- The shareholders of QC Digital may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.
- If we exercise the option to acquire equity ownership and assets of QC Digital, the ownership or asset transfer may subject us to substantial costs.



- We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.
- PRC regulation of loans to and direct investments in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans to our PRC subsidiaries and PRC Consolidated Affiliated Entities, or making additional capital contributions to our wholly foreign-owned subsidiaries in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.
- The Contractual Arrangements may subject us to scrutiny by PRC tax authorities and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

For further details of these risks, please refer to the section headed “Risk Factors – Risks Related to Our Contractual Arrangements” of the Prospectus.

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- (i) major issues arising from the implementation of and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion as and when they arise;
- (ii) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (iii) our Company will disclose the overall performance of and compliance with the Contractual Arrangements in our annual reports; and
- (iv) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of WFOE and our PRC Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.



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

- i. the transactions carried out during the year ended December 31, 2025 had been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- ii. no dividends or other distributions had been made by our PRC Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group;
- iii. the Contractual Arrangements are on normal commercial terms and are fair and reasonable, and in the interest of our Company and its Shareholders as a whole (so far as our Group is concerned).

Our Auditor has confirmed in a letter to our Board that the transactions under the Contractual Arrangements have been approved by our Board, the transactions carried out during the year ended December 31, 2025 had been entered into in accordance with the relevant provisions of the Contractual Arrangements, and that no dividends or other distributions had been made by our PRC Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period (including sale of treasury shares). As of the end of the Reporting Period, no treasury shares were held by the Company.

MATERIAL LITIGATION

During the Reporting Period, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

USE OF NET PROCEEDS FROM LISTING

The shares of the Company were listed on the Stock Exchange on December 16, 2021. The net proceeds received from the Global Offering (taking into account the partial exercise of the over-allotment option and after deducting the underwriting fees and commission and other estimated expenses payable by the Company in connection with the Global Offering) was approximately HK\$925.8 million.



As at the date of this report, there was no change in the intended use of net proceeds as previously disclosed in the section headed “Future Plans and Use of proceeds” in the Prospectus.

The table below sets out the planned usage of the net proceeds from the Global Offering and actual usage up to December 31, 2025:

Use of proceeds	Net proceeds from the Global Offering (after taking into account the partial exercise of the over-allotment option) (HK\$ million)	Utilized amount up to December 31, 2024 (HK\$ million)	Amount utilized during the Reporting Period (HK\$ million)	Utilized amount up to December 31, 2025 (HK\$ million)	Unutilized amount up to December 31, 2025 (HK\$ million)	Expected timeline for fully utilizing the unutilized amount ⁽¹⁾
For expanding our game portfolio and invest in our game R&D capabilities and related technologies	324.0	308.8	15.2	324.0	-	N/A
For expanding our business in the overseas markets	231.4	231.4	-	231.4	-	N/A
For strengthening our game publication and operation capabilities in China's mobile game market and the market recognition of our “QingCi” brand and our IPs	138.9	116.4	10.2	126.6	12.3	By December 2026
For pursuing strategic investments in and acquisitions of upstream and downstream companies along the mobile game industry chain	138.9	138.9	-	138.9	-	N/A
For working capital and general corporate purposes	92.6	92.6	-	92.6	-	N/A
Total	925.8	888.0	25.5	913.5	12.3	

Note:

- (1) The expected timeline for utilization of the unutilized proceeds disclosed above is based on the best estimation from the Board in accordance with latest information as at the date of this report.



SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

The Audit Committee has reviewed the results of the Group for the year ended December 31, 2025 together with the Group's auditor, BDO Limited, and has discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2025 have been audited by BDO Limited. A resolution for the re-appointment of BDO Limited as the auditor of the Company will be proposed at the Annual General Meeting.

PricewaterhouseCoopers has resigned as the auditor of the Company with effect from November 29, 2024. BDO Limited as the new auditor of the Company was appointed with effect from November 29, 2024. Details of the change of auditor were set out in the announcement of the Company dated November 29, 2024. Save as disclosed above, there were no other changes in auditor of the Group during the past three years.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Group after December 31, 2025 and up to the date of this report.

For and on behalf of the Board

Qingci Games Inc.

Liu Siming

Executive Director

Hong Kong, March 26, 2026



Biographies of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. YANG Xu (楊煦), aged 45, is the founder and the president of the Group and was appointed as an executive Director and chairman of our Board on June 19, 2021. He is primarily responsible for the overall strategic planning and research and development of the Group.

Mr. Yang has been deeply involved in the game industry for more than 17 years. Mr. Yang founded our Group in March 2012. He had been the general manager until August 2019, and since then, he has been the president of our Group. Prior to founding the Company, Mr. Yang served as a producer of G-bits Network Technology (Xiamen) Co., Ltd., which is an online game and web game developer in China, during the period from December 2005 to August 2012.

Mr. HUANG Zhiqiang (黃智強), aged 43, is the chief executive officer of the Group and was appointed as an executive Director on March 12, 2021. Mr. Huang is primarily responsible for the management and development of our Group's business.

Mr. Huang served as the chief operating officer when he joined the Group in March 2012. Subsequently, he has been the chief executive officer since September 2019. Before joining our Group, he worked as a project manager of Sichuan Shengpu Information Technology Co., Ltd. from August 2005 to February 2012.

Mr. Huang graduated from the Chengdu University (成都大學) in July 2002 with a bachelor's degree in e-commerce.

Mr. LIU Siming (劉斯銘), aged 45, is the chief financial officer of the Group and was appointed as an executive Director on June 19, 2021. Mr. Liu is mainly responsible for the planning and management of finance and capital market activities of our Group.

Mr. Liu has been the chief financial officer since he joined our Group in February 2021. Before joining our Group, Mr. Liu served in various positions at Jinko Group. From 2018 to February 2021, Mr. Liu was the vice president of Jinko Power Technology Co Ltd. Prior to that, he was the investor relationship director of JinkoSolar Holding Co., Ltd. from December 2011 to October 2018, and responsible for investor relation matters. Mr. Liu also served as the secretary of the board of Jinko Power Technology Co Ltd. between July 2020 and February 2021. Prior to joining JinkoSolar Holding Co., Ltd., Mr. Liu also worked in the financial risk management department of KPMG LLP's Houston office since 2008 and subsequently in the financial advisory service department of the Beijing Branch of Deloitte & Touche Financial Advisory Services Limited.

Mr. Liu received his bachelor's degree in computer science and technology and master's degree in management science and engineering from the Beijing Institute of Technology (北京理工大學) in July 2003 and in March 2006, respectively. He also obtained the master of business administration degree from Baylor University in December 2007.



Mr. ZENG Xiangshuo (曾祥碩), aged 44, is the chief operating officer of the Group and was appointed as an executive Director on June 19, 2021. Mr. Zeng is primarily responsible for the investment, marketing channels and overseas business of our Group.

Mr. Zeng currently serves as the chief operating officer of our Group since August 2019. Previously, he was the deputy manager of our Group from February 2014 to August 2019. Prior to joining our Group, Mr. Zeng worked at Sichuan Hongxin Software Co., Ltd. from June 2011 to February 2014. Mr. Zeng was an account manager of Chengdu Lingrui Zhitong Technology Co., Ltd. from October 2010 to June 2011. He also worked as a sales manager at Sichuan Shengpu Information Technology Co., Ltd. from November 2006 to September 2010. Before that, Mr. Zeng served in the IT department of Chengdu Yinhe Magnet Co., Ltd. from July 2005 to November 2006.

Mr. Zeng obtained his bachelor's degree with a major in computer science and technology from Xihua University (西華大學) in June 2005.

Independent Non-executive Directors

Professor LAM Sing Kwong Simon (林誠光), aged 67, was appointed as an independent non-executive Director on the Listing Date. He is primarily responsible for supervising and providing independent judgment to our Board.

Professor Lam is the Professor of Management and Strategy at the Faculty of Business and Economics, The University of Hong Kong. He was also Head of the Faculty's Management and Strategy Area, Director of the Centre of Asian Entrepreneurship and Business Values, Associate Dean of the Faculty of Business and Economics and Ian Davies Endowed Professor in Ethics at the University of Hong Kong. Before joining the University of Hong Kong, Professor Lam had worked as a management consultant and as a regional manager for a bank. He has gained extensive experience in the area of corporate governance, strategy development and corporate finance.

Professor Lam was an independent non-executive director of Sinomax Group Limited (01418.HK) from March 2014 to June 2023 and an independent non-executive director of Jacobson Pharma Corporation Limited (02633.HK) from November 2021 to July 2025. Professor Lam is currently an independent non-executive director of Overseas Chinese Town (Asia) Holdings Limited (03366.HK), China Wacan Group Company Limited (01920.HK) and Kwan On Holdings Limited (01559.HK). He is also an independent director of Grande Group Limited (NASDAQ: GRAN).

Professor Lam received a doctorate degree in commerce from the Australian National University in April 1996.

Mr. YUAN Yuan (袁淵), aged 42, has about 15 years of experience in the finance and securities industry. Mr. Yuan worked at the China Securities Regulatory Commission as a postdoctoral researcher from May 2012 to March 2016. From March 2016 to July 2017, he worked at Soochow Securities Co., Ltd., serving simultaneously as the chief strategist, the executive deputy director of the research department, and a member of the internal verification committee. Subsequently, he worked at Huafu Securities Co., Ltd., serving simultaneously as the managing director, the deputy head of the investment banking business committee, and the general manager of the equities investment banking division from July 2017 to May 2020. Mr. Yuan has served as the managing director of Zhong De Securities Company Limited since May 2020.



Mr. Yuan obtained his doctorate degree in accounting from Shanghai University of Finance and Economics in June 2012 and completed his postdoctoral studies in applied economics in 2014 at Tsinghua University, he possesses the relevant expertise required under Rule 3.10(2) of the Listing Rules.

Mr. Yuan is currently an independent non-executive director of China New City Group Limited (formerly known as China New City Commercial Development Limited) (01321.HK), Dongwu Cement International Limited (00695.HK), Add New Energy Investment Holdings Group Limited (02623.HK), as well as an independent director of Xinjiang Daqo New Energy Co., Ltd. (688303.SH) and Jiangsu Suzhou Rural Commercial Bank Co., Ltd. (603323.SH). Mr. Yuan was the independent director of Leo Group Co., Ltd. (002131.SZ) from March 2021 to April 2024, and of Chongqing Three Gorges Water Conservancy and Electrical Power Co Limited (600116.SH) from April 2022 to December 2025.

Ms. FANG Weijin (方燁瑾), aged 41, has been our independent non-executive Director since the Listing Date. She is mainly responsible for supervising and providing independent judgment to our Board.

Ms. Fang is currently working as senior vice president, chief human resource officer of Fosun Tourism Group, since she joined in November 2020, where she also serves as Fosun global partner and co-chief human resources officer of Fosun Happiness Industry Operation Committee* (復星大快樂產業運營委員會). From April 2017 to October 2020, she has served several positions at Fosun International Limited. Before joining Fosun International Limited, Ms. Fang worked at KPMG China, Shanghai from July 2007 to April 2017 and was a senior manager at the time when she departed from KPMG China.

Ms. Fang obtained her bachelor's degrees in international economics and trade and in business from Shanghai University (上海大學) and from University of Technology Sydney, respectively, in July 2007. Ms. Fang was also qualified as a project management professional by the Project Management Institute in December 2014.

SENIOR MANAGEMENT

Mr. YANG Xu (楊煦), aged 45, is the founder and the president of the Group and was appointed as a senior management of the Group in August 2019. For further details, please refer to the paragraph headed "Executive Directors" in this section.

Mr. HUANG Zhiqiang (黃智強), aged 43, is the chief executive officer of the Group and was appointed as a senior management of the Group in August 2019. For further details, please refer to the paragraph headed "Executive Directors" in this section.

Mr. LIU Siming (劉斯銘), aged 45, is the chief financial officer of the Group and was appointed as a senior management of the Group in February 2021. For further details, please refer to the paragraph headed "Executive Directors" in this section.

Mr. ZENG Xiangshuo (曾祥碩), aged 44, is the chief operating officer of the Group and was appointed as a senior management of the Group in August 2019. For further details, please refer to the paragraph headed "Executive Directors" in this section.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. WEI Shumu (魏樹木), aged 44, was appointed as the chief technology officer of the Group in August 2019. He is primarily responsible for overseeing the current technology and formulating the relevant policy of our Group.

Prior to joining the Group, Mr. Wei had served as a program director in G-bits Network Technology (Xiamen) Co., Ltd. from August 2007 to August 2012. Previously, from August 2005 to March 2006, he worked as a developmental engineer in Tencent Technology (Shenzhen) Co., Ltd.

Mr. Wei received his bachelor's degrees in mathematics and applied mathematics as well as computer science and technology, respectively, from Wuhan University (武漢大學) in June 2004.

Each of our senior management members has confirmed that he or she does not and has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately prior to the Latest Practicable Date.

CHANGE IN INFORMATION OF DIRECTORS

Save as disclosed above, as of December 31, 2025, there has been no change to the information of the Directors subject to disclosure under Rule 13.51B(1) of the Listing Rules.



Environmental, Social and Governance Report

ABOUT THIS REPORT

Report Overview

This report is the fourth consecutive Environmental, Social and Governance Report (the “**ESG Report**”) published by Qingci Games Inc. (“**Qingci Games**”, “**Qingci**” or the “**Company**”). This report aims to disclose the strategies, progress and vision of Qingci Games and its subsidiaries (collectively the “**Group**” or “**we**”) in terms of environmental, social and governance aspects, assisting stakeholders in gaining a more comprehensive understanding of the Group’s sustainability efforts.

This report is available in both Chinese and English versions. The electronic version of the report can be accessed on the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (<http://www.hkexnews.hk>) and the Company’s website (<https://www.qcplay.com/>).

Reporting Scope

This report discloses the performance of the Group in environmental, social and governance aspects during the period from 1 January 2025 to 31 December 2025 (the “**Reporting Period**”, “**during the year**” or “**this year**”). Unless otherwise stated, the scope of disclosure for the environmental and social aspects of this report covers the locations of the Group’s major operating entities in China, namely the Xiamen and Chengdu offices.

Reporting Standards

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (the “**ESG Reporting Code**”) set out in Appendix C2 to the Main Board Listing Rules of the Stock Exchange, considering the actual circumstances of the Group. This report also refers to International Financial Reporting Standard S2 – Climate-related Disclosures (“**IFRS S2**”) issued by the International Sustainability Standards Board (“**ISSB**”) and, to the extent applicable and practicable, provides disclosure on the Group’s arrangements and progress in respect of climate-related governance, strategy, risk management, and metrics and targets.

The appendix to this report contains the content index for IFRS S2 climate-related disclosures and the ESG Reporting Code for readers’ ease of reference to relevant disclosures.



Reporting Principles

This report strives to present the Group's performance in ESG management and achievements comprehensively and accurately, based on the following principles:

- **"Materiality"**: Key stakeholders were identified in the process of preparing this report, and material ESG issues were determined through stakeholder engagement and materiality assessment.
- **"Quantitative"**: This report presents key performance indicators in environmental and social aspects by way of quantitative data, and elaborates on their purposes and impacts.
- **"Consistency"**: This report adopts a consistent disclosure statistical methodology with the "2024 Environmental, Social and Governance Report".
- **"Balance"**: This report follows the principle of "balance" and objectively reports the ESG performance of the Group.

Statement on Information Sources and Reliability

The information disclosed in this report is mainly derived from original records formed during the daily operations of the Group, annual financial information, internal statistical statements, administrative documents and relevant reports, etc. Unless otherwise stated, the currencies involved in this report are all presented in Renminbi (RMB). In case of any discrepancy between this report and the disclosure in the audited financial reports of the Group, the financial reports shall prevail. The Group confirms that this report contains no false representation, misleading statement or material omission, and accepts responsibility for the truthfulness, accuracy and completeness of its contents.

Confirmation and Approval

The management of the Company has confirmed to the Board that, as at 31 December 2025, the Group's risk management and internal control systems relating to ESG were operating effectively. This report was approved at the Board meeting held on 26 March 2026.

Feedback

We welcome opinions and suggestions from all stakeholders on the Group's ESG report and performance. You may contact the Group through the following channels:



Address: No. 4, Wanghai Road, Software Park Phase II, Xiamen, Fujian, 361008



Email: ir@qcplay.com



ABOUT QINGCI GAMES

ESG Highlights and Performance

2025 Highlights and Performance		
Environment		
 Promote green office and paperless office, and reduce resource consumption through electronic processes and energy-saving management	 Adopt scenario analysis to conduct qualitative assessments of climate-related risks and opportunities	 Set five-year environmental targets covering greenhouse gas emissions, energy consumption and water consumption
Social		
 0 work-related fatalities 0 major work-related injuries Average training duration of 2.3 hours	 Overall customer service satisfaction rate reached 93.10% Average first response time of 7.58 seconds	 Received multiple awards and external recognitions

ESG Honours and Awards

During the reporting period, the Group received various external recognitions related to ESG. Details of selected awards are set out in the table below:

"Pomegranate Seed Plan" Donation Certificate	The 10th Zhitong Finance Listed Company Selection "Most Socially Responsible Listed Company"	The 10th Zhitong Caijing Listed Company Awards- "Best ESG Innovation Award"
Beijing Yuze Charity Foundation	Zhitong Finance	Zhitong Finance



“JINGE AWARD”– Annual Excellence Company: Annual Excellence IR Team	“JINGE AWARD”– Annual Excellence Company: Annual ESG Pioneer Award	“JINGE AWARD”– Annual Excellence Company: Excellent Enterprise in ESG Innovation Practice
Gelonghui	Gelonghui	Gelonghui

The Group has been featured as a representative case study in various industry research reports, fully reflecting the attention and recognition from external organisations regarding the Group’s practices in business development and the protection of minors.

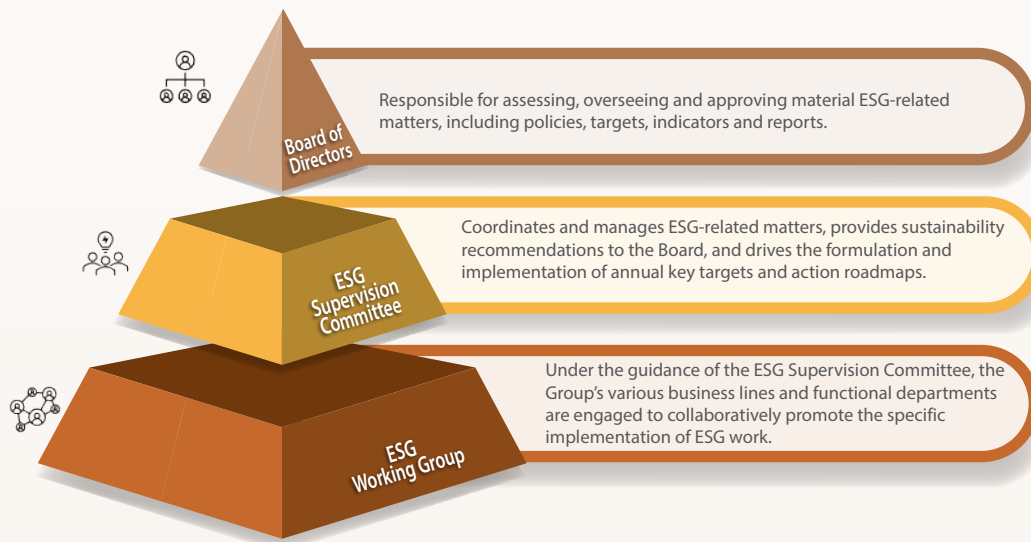
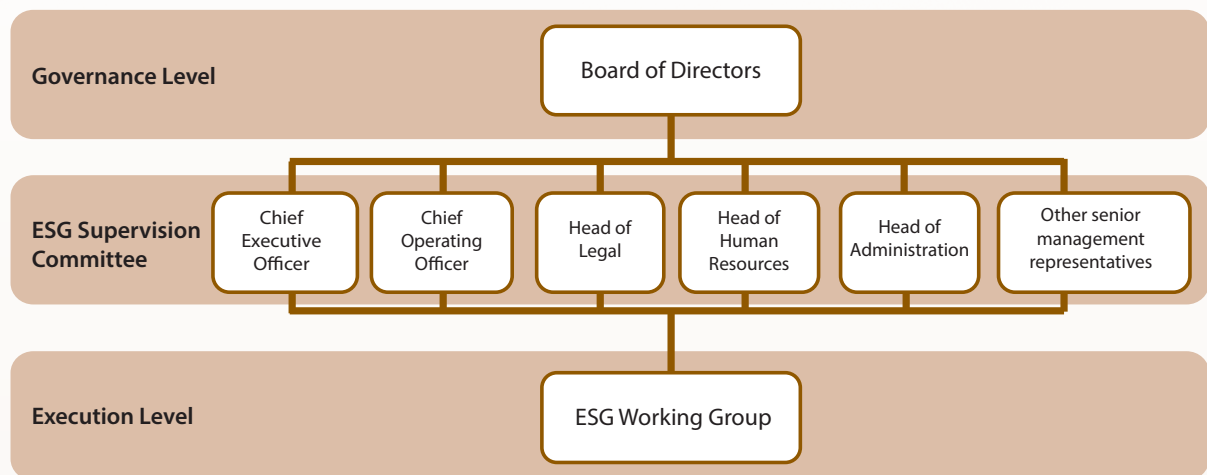
Report Title	Publishing Institution
2025 Report on the Progress of Minor Protection in China’s Gaming Industry	Gamma Data
2025 Report on the Competitiveness of Listed and Unlisted Game Companies in China	Gamma Data
2025 Report on IP Development in China’s Digital Entertainment Industry	Gamma Data
2026 Report on Trends and Potential Analysis of China’s Gaming Industry	Gamma Data
2024 Report on the Competitiveness of Global Mobile Game Companies	Gamma Data
2025 Research Report on China’s Overseas Gaming Market	China Audio-video and Digital Publishing Association Working Committee, Gamma Data



ESG GOVERNANCE AND STRATEGY

ESG Governance Structure

Qingci Games has established an ESG governance structure with clear responsibilities and effective operation, and incorporated ESG-related risks and opportunities into the Group's business strategies and daily management. An ESG Supervision Committee has been established under the Board to coordinate and manage ESG-related matters and report to the Board regularly. Meanwhile, the Group has formulated ESG policies, setting out key ESG targets and division of responsibilities. For more information regarding the scope of duties of the Board committees and corporate governance, please refer to the "Corporate Governance" section of the Company's Annual Report.



In addition, the Company recognises the benefits of Board diversity to enhancing governance effectiveness. When nominating and appointing Board members, various factors will be comprehensively considered, including but not limited to gender, age, industry experience, professional background, educational background and cultural background.

ESG Strategy

The Group's ESG strategy revolves around the four core pillars of "Responsible Operations, Green Operations, Employee Care and Public Welfare", advancing in an orderly manner by stages and measures. With the vision of "Become a gaming company recognised domestically and internationally for its leading ESG practices", the Group is dedicated to bringing high-quality experiences to global players through representative and attractive games and content.

Within each pillar area, the Group sets focus topics and corresponding targets combining its own business characteristics and actual situation and continuously promotes implementation actions. The Group refers to the results of value chain analysis, benchmarks against the United Nations Sustainable Development Goals (UN SDGs), and under the guidance of the Board and the ESG Supervision Committee, steadily promotes sustainability work by combining the participation and feedback of various stakeholders.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Qingci Games ESG Vision Become a gaming company recognised domestically and internationally for its leading ESG practices												
"4S" Pillars	Responsible Operations			Green Operations		Employee Care			Public Welfare			
Focus Topics	- Product Quality and Safety - Corporate Governance - Business Ethics - Intellectual Property Protection - Risk Management - Information Security - Supply Chain Sustainability - Privacy Protection - Customer Relations			- Climate Strategy - Water and Wastewater Management - Energy Management - Waste and Pollutants - Environmental Policy and Management		- Human Rights - Labour Standards - Occupational Health and Safety - Human Capital Management			Community Investment			
UN SDGs												
	9.1			7.2 7.3		12.2	13.1	3.4	5.1 5.5	8.5 8.8	10.2 10.3	11.4
Policies	- Anti-Corruption Policy - Anti-Fraud Policy of Qingci Games - Advertising Code of Ethics - Internal Audit Policy - Content Moderation Policy - Personal Information Protection Management Policy - Overall Information Security Planning Scheme			Environmental Management Policy		- Human Rights Policy - Occupational Health and Safety Policy - Employee Handbook - Qingci Games Attendance & Leave Management System			--			
Targets	- Continuously optimise the gaming experience and actively respond to player needs - Strictly comply with anti-addiction requirements for minors and foster a healthy gaming environment - Strengthen information security management and rigorously protect user privacy - Uphold the code of business ethics and enhance compliance awareness			- Achieve 100% lawful disposal of non-hazardous waste by 2030 - Using 2024 as the baseline, reduce Scope 1 emissions by 5%, Scope 2 emissions by 3%, and GHG emission intensity by 5% within five years - Using 2024 as the baseline, reduce water consumption by 5%, waste generation by 5%, and energy consumption by 5% within five years		- Provide career development and promotion opportunities to support employees' personal growth - Create a diverse and inclusive working environment - Pay attention to employees' health and well-being to enhance job satisfaction and loyalty			"Remembering the source and giving back to society", fulfilling corporate social responsibility and supporting the development of public welfare initiatives - Actively exploring public welfare collaboration initiatives and building a distinctive Qingci public welfare brand			
Actions	- Actively collect player feedback and continuously optimise product experience - Carry out optimisation and version updates throughout the entire game lifecycle, develop diversified game products, and expand the global presence - Continuously upgrade the Qingci Parent Guardian Platform and improve the mechanisms for minor protection and content compliance - Consolidate information security infrastructure and improve measures for protecting users' personal data and privacy - Strengthen professional ethics training, supervision and compliance warning education			- Carry out comprehensive environmental management initiatives - Take multiple measures to reduce energy consumption and greenhouse gas emissions, and lower environmental impact - Formulate and implement daily energy-saving measures in office areas - Adopt scenario analysis methods to identify climate-related risks and opportunities, and formulate relevant response actions - Actively promote sustainable development concepts and enhance awareness of and responsibility for environmental protection		- Regularly organise various employee training courses to promote knowledge sharing and dissemination - Improve the employee promotion system and advance career progression in accordance with institutional requirements and actual needs - Carry out a variety of employee activities and promote work-life balance - Improve workplace health and safety management and continuously optimise the office environment			- Plan and participate in various online and offline public welfare and charity activities - Use games as a vehicle to explore public welfare advocacy approaches and encourage players to support public welfare initiatives through participation - Join hands with relevant partners to promote multi-party participation in public welfare practices and jointly build a better future			



Risk Management

The Group attaches great importance to risk management and internal control, establishing corresponding governance structures and risk management processes, and adopting appropriate management measures for relevant risks to support stable business operations and long-term value creation. The Board holds ultimate responsibility for the Group's risk management and internal control systems and, through its subordinate Audit Committee, regularly reviews and supervises the effectiveness of relevant systems to ensure the Board maintains a full understanding of the major risks faced by the Group. The Group's division of risk management responsibilities refers to the "three lines of defence": business departments actively cooperate with internal control and internal audit work in daily operations; management, under the authorisation of the Board, is responsible for designing, implementing, and maintaining risk management and internal control systems, as well as identifying and assessing various risks in daily operations to ensure risks are maintained within the levels acceptable to the Board; the internal audit function provides independent audits and reports audit results to the Audit Committee. The Audit Committee reviews the effectiveness of the risk management and internal control systems at least annually. For further details, please refer to the relevant section headed "Risk Management and Internal Control".

The Group continues to strengthen its risk management culture. During the year, the Group provided risk management-related training arrangements to Board members and senior management, covering the roles and responsibilities of directors in ESG to enhance risk identification and response capabilities. Meanwhile, through establishing regular communication mechanisms for risk management, issuing internal policies, and providing relevant training and publicity, we convey requirements such as business ethics, data security, and compliant operations to employees, and strengthen training and publicity in key risk areas such as content compliance, protection of minors, and data privacy based on the characteristics of the gaming industry. In the performance evaluation of senior management, their contribution to the stable operation of the Group's overall business and the effective control of risks are also important considerations.

The Group also pays attention to external changes that may have a significant impact on the future, such as the rapid development of artificial intelligence technology and the popularisation of open-source models, as well as trends such as rising industry content and technical standards, and responds through continuous capacity building, process optimisation and product strategy adjustments. For further descriptions and response arrangements regarding the emerging risk issues, please refer to the relevant section headed "Principal Risks and Uncertainties".



ESG Materiality Assessment

Stakeholder Engagement

Stakeholders	Topics of Concern	Communication Channels	Communication Frequency
 Users	• Product Quality and Safety • Community Investment • Privacy Protection • Customer Relations • Information Security	• User feedback channels • User service agreements • Company website and social media interactions	• Multiple times a week
 Employees	• Human Rights • Labour Standards • Human Capital Management • Product Quality and Safety • Information Security	• Internal office systems • Online and offline training activities • Employee satisfaction surveys	• Multiple times a month
 Community	• Product Quality and Safety • Community Investment • Privacy Protection • Customer Relations	• Game platforms • Company website and social media	• Multiple times a year
 Suppliers	• Energy Management • Environmental Policy and Management • Human Rights • Labour Standards • Product Quality and Safety • Supply Chain Sustainability • Privacy Protection • Customer Relations • Intellectual Property Protection	• Open tendering • Supplier assessment • Site visits • Routine communication	• Multiple times a week
 Government/Regulatory Authorities	• Community Investment • Corporate Governance • Business Ethics	• Reception of visits • Announcements and correspondence (annual reports, circulars and announcements) • Supervision and inspection	• Multiple times a month
 Shareholders/Investors	• Privacy Protection • Corporate Governance • Information Security	• General meetings of shareholders • Announcements and correspondence (annual reports, circulars and announcements) • Company and stock exchange websites • Investor meetings and roadshows	• Multiple times a month



Double Materiality Assessment

To assess the Group's ESG risks and material topics, and to understand the expectations of key stakeholders regarding the Group's ESG work, during the year the Group invited key stakeholders, including employees, shareholders/investors, users, suppliers and the community, to participate in a double materiality assessment by means of an online questionnaire.

Assessment Dimensions

The Group adopts the "Double Materiality" approach to assess the materiality of ESG topics from the following two dimensions:



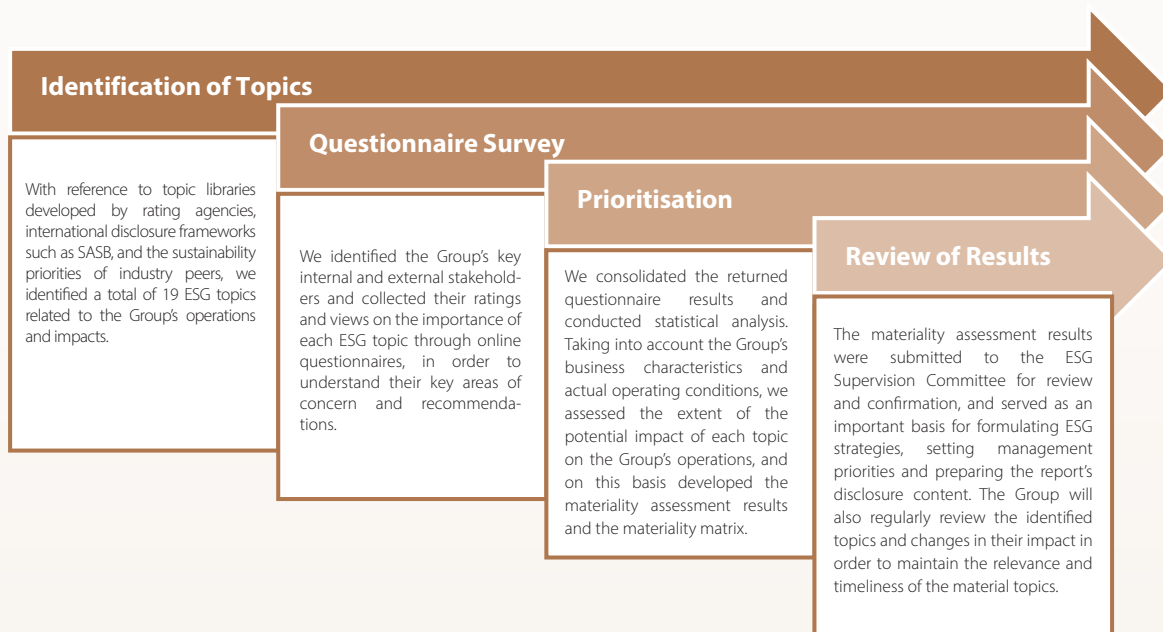
Financial materiality: Assess the extent to which the relevant ESG topics impact the Group's business model, operating performance, cash flows, financing capability and costs in the short, medium and long term.



Impact materiality: Assess the extent of the actual or potential impacts (including positive and negative) caused by the Group on the environment and society (including stakeholders) in relation to the relevant ESG topics.

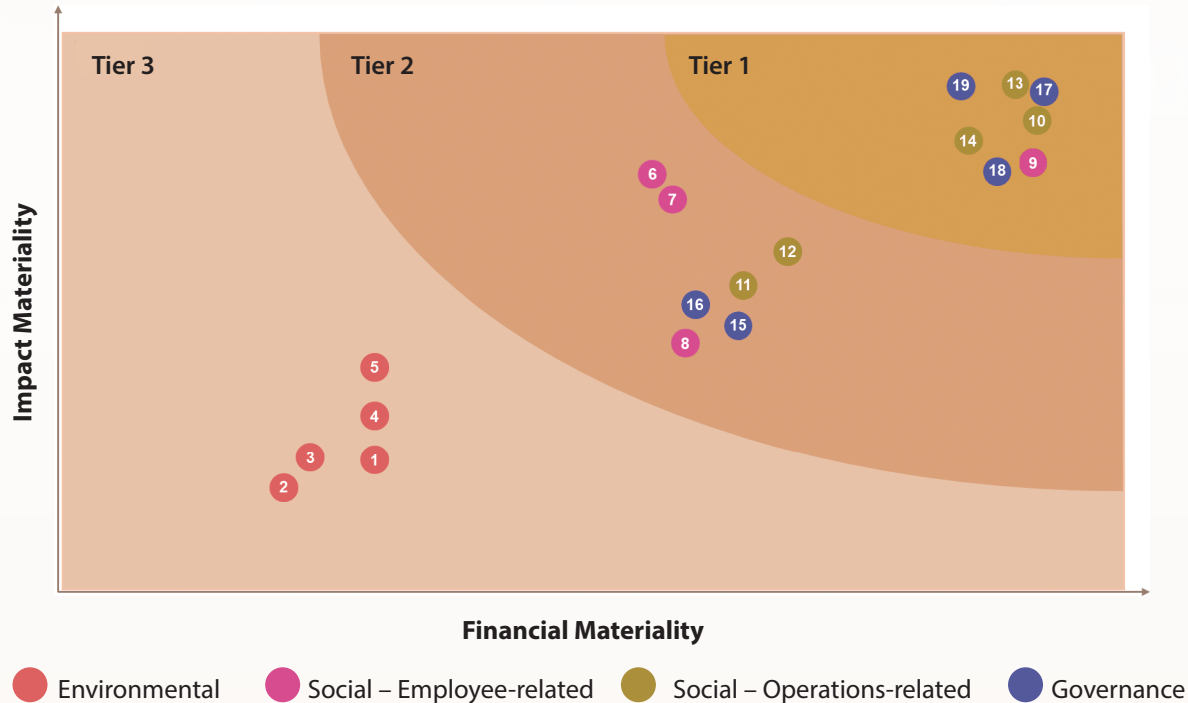
Assessment Process

During the Reporting Period, the Group conducted a double materiality assessment through the following steps:



Assessment Results

Based on the results of the Group's double materiality assessment for the year, the Group has prepared the double materiality matrix as follows:



Tier 1	Tier 2	Tier 3
9 Human Capital Management 10 Product Quality and Safety 13 Privacy Protection 14 Customer Relations 17 Intellectual Property Protection 18 Risk Management 19 Information Security	6 Human Rights 7 Labour Standards 8 Occupational Health and Safety 11 Community Investment 12 Supply Chain Sustainability 15 Corporate Governance 16 Business Ethics	1 Climate Strategy 2 Water and Wastewater Management 3 Energy Management 4 Waste and Pollutants 5 Environmental Policy and Management

In the double materiality matrix, topics located in the upper-right quadrant indicate relatively high “financial materiality” and “impact materiality” and are identified as priority issues for the Group’s focus and management. Based on the results of this assessment, the following issues fall into Tier 1 (the highest materiality):

- Human Capital Management
- Product Quality and Safety
- Privacy Protection
- Customer Relations
- Intellectual Property Protection
- Risk Management
- Information Security



GREEN OPERATIONS



- 7.2** – By 2030, increase substantially the share of renewable energy in the global energy mix.
7.3 – By 2030, double the global rate of improvement in energy efficiency.



- 12.2** – By 2030, achieve the sustainable management and efficient use of natural resources.



- 13.1** – Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Environmental Management

The Group strictly complies with relevant laws and regulations, including the Environmental Protection Law of the People's Republic of China, actively responds to the national policy direction of energy conservation, emission reduction and low-carbon development, and continues to put into practice the concept of green development and low-carbon operational strategies.

The Group has formulated and implemented the Environmental Management Policy. The policy covers the Group's own operating entities and clearly stipulates that the Board, as the highest decision-making body, is responsible for assessing, approving and overseeing the environmental policy and major environmental matters. The ESG Supervision Committee coordinates and advances the implementation of the policy and the formulation of annual environmental targets, while the relevant functional departments carry out implementation in accordance with their respective responsibilities and regularly review effectiveness. Upholding the principle of continuous improvement, the Group has established management targets and measures around key issues such as greenhouse gas emissions management, improvements in energy and water-use efficiency, and the compliant disposal and classification management of waste, and plans to incorporate environmental- and climate-related content into the employee training system. The Group also incorporates environmental performance considerations into the management of suppliers and partners, and communicates its environmental policy to various stakeholders through the ESG Report, thereby promoting joint efforts to reduce environmental impacts.



On this basis, using 2024 as the base year, the Group aims to progressively reduce the resource consumption and emission intensity of key environmental indicators by 2030, including energy use intensity, water consumption intensity, and greenhouse gas emission intensity, with a targeted reduction of 5% for each. In addition, the Group has established a target of ensuring 100% compliant disposal of non-hazardous waste by 2030.

The Group is primarily engaged in the design, development and operation of internet game products. Given the nature of its business, the Group's environmental impacts mainly arise from carbon emissions generated by energy and resource consumption in office areas, as well as a small amount of office and domestic waste and domestic sewage generated at the workplace. The Group does not use packaging materials for finished products, and its daily operations do not involve the substantial use of non-renewable energy or forest resources, nor do they have any significant impact on biodiversity. For the above reasons, this report does not disclose information in respect of Key Performance Indicator A2.5 (Packaging Materials) and A3 (The Environment and Natural Resources) set out in the ESG Reporting Code.

Responding to Climate Change

Global climate change is bringing far-reaching impacts and challenges to all industries. As an enterprise that actively responds to the national goals of "carbon peaking and carbon neutrality" (hereinafter referred to as the "Dual Carbon" goals), Qingci Games closely monitors the potential impacts that climate change may have on its operations and development, and continues to strengthen relevant management and response measures.

This section has been prepared with reference to IFRS S2 and drafted in accordance with the latest requirements of Part D "Climate-related Disclosures" of the ESG Reporting Code of the Stock Exchange. We systematically advance climate-related work around the four core areas of "Governance, Strategy, Risk Management, and Metrics and Targets", so as to ensure the effective implementation of management measures and actions.

Governance

The Group has established a clear climate governance structure. The Board bears ultimate oversight responsibility for the Group's climate-related matters and is responsible for monitoring the impacts of climate-related risks and opportunities on the Group's business operations and strategic development, and for considering the appropriate integration of such factors into the Group's governance and decision-making arrangements. The ESG Supervision Committee under the Board assists the Board in performing climate-related oversight functions. It is responsible for reviewing the implementation progress of climate-related management and actions (including relevant targets and metrics), and for regularly reporting relevant matters to the Board through meetings. The implementation of the relevant measures is coordinated by the ESG Supervision Committee in accordance with the established internal control procedures, which urges the relevant functional departments to implement such measures and follow up on improvements. Details of the relevant governance arrangements are set out in the section headed "ESG Governance and Strategy".



To ensure the skills and capabilities required to oversee climate-related risks and opportunities, the Group continues to enhance the Board's and management's awareness of climate issues. During the Reporting Period, the Group provided climate-related training and reference materials to the Company secretary and management, clarifying the Board's responsibilities under the relevant climate disclosure standards.

At present, the Group has not formally incorporated climate-related or other ESG metrics into its remuneration policy. However, the Group is assessing the feasibility of gradually incorporating relevant metrics into the performance evaluation and incentive mechanisms for management, within an appropriate scope and once the underlying data becomes sufficiently mature, so as to further strengthen governance and accountability.

Strategy

Climate change may bring physical risks and transition risks to the Group. Physical risks include an increase in extreme weather events such as typhoons, heavy rainstorms and high temperatures, as well as chronic impacts such as sea level rise, which may affect the operation of office premises and critical facilities, employees' working environment and business continuity, and increase operating and maintenance costs. In terms of transition risks, as carbon emissions policies and regulatory requirements become more stringent, climate disclosure obligations increase, and market attention to the low-carbon transition rises, the Group faces challenges in compliance management, operational adjustments and reputation management.

At the same time, the Group also seeks to capture relevant opportunities by improving energy and resource efficiency and strengthening operational resilience in support of its long-term development. In addition, the Group applies climate scenario analysis to identify and assess climate-related risks and opportunities over the short, medium and long term, so as to support decision-making.



Input Data and Methodology for Scenario Analysis

Scope of Analysis

The scope of this scenario analysis is consistent with the ESG disclosure scope of this report.

Scenarios Applied

Physical risks	With reference to the Shared Socioeconomic Pathways (SSPs) in the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6), SSP1-2.6 and SSP5-8.5 were selected as the basis for the analysis of physical risks.
Transition risks	With reference to the scenario framework published by the International Energy Agency (IEA), the Net Zero Emissions by 2050 (NZE 2050) scenario and the Stated Policies Scenario (STEPS) were selected.
Reasons	- Both lower and higher warming pathways are included to compare the potential impacts on the Group's operations and finance under different climate development scenarios, and to support the identification of climate-related risks and opportunities. - The selected NZE 2050 scenario is consistent with the direction of the temperature-control goals of the Paris Agreement.

	Sea Level Rise	Temperature Rise	Scenario Description	Scenario Description	Economy	Climate Policy	Level of Commitment	
SSP1-2.6	By 2100, sea levels will rise by approximately 0.32 to 0.62 metres, posing a relatively low threat to coastal infrastructure.	By 2100, global warming will be limited to within 2°C above pre-industrial levels (1850).	Progress is made in global cooperation and sustainable development; China prioritises clean energy development and implements efficient environmental policies, achieving carbon neutrality by 2075.	The global energy sector sets a pathway to achieve net-zero CO ₂ emissions by 2050. Consistent with limiting the global temperature rise to 1.5°C by 2100.	Extensive investment in clean energy and technological innovation will drive global GDP growth before 2030.	Countries strictly implement policies and have formulated specific climate targets and action roadmaps.	With government policy support, businesses and consumers collaborate to drive behavioural changes, accelerating the low-carbon transition process.	NZE Scenario
SSP5-8.5	By the end of this century, sea levels will rise by approximately 0.63 to 1.01 metres, posing severe risks to coastal areas.	By 2100, the global annual average temperature will rise by approximately 3.3°C to 5.7°C.	The world continues to rely heavily on fossil fuels, with greenhouse gas emissions continuing to increase.	Considering only specific policies already implemented or announced by governments, assuming no other major climate actions will be taken. GHG emissions will remain high, with the average global temperature rise by 2100 being approximately 2.4°C above pre-industrial levels.	An economic model that continues to rely on fossil fuels leads to a slowdown in renewable energy development.	Implementation of new climate policies is limited, with a lack of a framework to further support global emission reduction.	Public concern about climate change is low, and social motivation is insufficient, making it difficult to drive climate-related reforms.	STEPS Scenario
								



Time Horizons

Short term 2025-2030

Medium term 2030-2050

Long term 2050-2060

Reasons The time horizons are set mainly with reference to the national “Dual Carbon” goals, the temperature-control direction of the Paris Agreement, and the roadmap and phased milestones of Hong Kong’s Climate Action Plan 2050.

Assessment Method

During the year, the Group conducted a climate materiality assessment, adopting the two dimensions of “estimated timing of occurrence” and “degree of potential impact” to assess climate-related risks and opportunities.

- Lower risk This risk is less likely to materialise within the relevant “estimated timing of occurrence” and is expected to have a limited “potential impact” on the Group within the corresponding “estimated timing of occurrence”.
- Medium risk This risk has a moderate likelihood of materialising within the relevant “estimated timing of occurrence” and is expected to have a moderate “potential impact” on the Group within the corresponding “estimated timing of occurrence”.
- Higher risk This risk is more likely to materialise within the relevant “estimated timing of occurrence” and is expected to have a significant “potential impact” on the Group within the corresponding “estimated timing of occurrence”.



Potential Impacts

Climate-related Risks and Opportunities		Impact on Business Model	Impact on Value Chain	Potential Financial Impact
Physical Risks				
Acute risk	Typhoons, extreme rainfall and flooding	- May disrupt daily operations and project implementation, indirectly affecting user experience and business performance. - May affect employees' commuting safety and the stability of the office environment.	Offices, data centres, and key infrastructure such as electricity and telecommunications may face interruption risks, affecting internal and external operational coordination.	- Increased expenditure: office relocation, damage to infrastructure, and repair and replacement expenditure may increase. - Revenue volatility: business interruptions or delays in product launches may cause some impact on revenue.
Chronic risk	Sea level rise	The long-term operational security of coastal business parks (such as Xiamen) may deteriorate, potentially jeopardising the consistency of service delivery.	Server rooms and data centres are exposed to the risks of waterlogging and environmental degradation, necessitating increased facility maintenance and upkeep.	- Increased expenditure: investment in facility reinforcement, upgrading and maintenance may increase. - Reduction in fixed assets: the value of premises and critical infrastructure assets may be affected to some extent.
	Water stress and drought	The consistency of business park operations and the progression of projects are susceptible to water resource constraints.	Heightened resilience requirements for data centres and suppliers situated within water-stressed regions.	- Increased operating costs: water tariffs and related utility costs may increase. - Increased expenditure: investment in water-saving retrofits, system optimisation and emergency response plans may increase.
	Increase in average temperature	Elevated temperatures adversely affect workforce comfort and productivity, thereby exerting pressure on project timelines.	Rising cooling requirements for data centres and office premises, leading to an intensified dependency on energy resources.	- Reduced revenue: lower work efficiency may affect product launch schedules. - Increased operating costs: cooling energy consumption and related energy expenditure may rise.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Risks and Opportunities		Impact on Business Model	Impact on Value Chain	Potential Financial Impact
Transition Risks				
Policy and legal risk	Tightening carbon emissions regulations	Operations must progressively align with increasingly stringent carbon emission and environmental protection mandates, which intensifies management complexity and regulatory compliance pressure.	Energy consumption, asset operations, and outsourced services must align with increasingly rigorous environmental mandates, leading to a heightened dependency on green-certified and compliant vendors.	Increased operating costs: expenditure on carbon emissions compliance, environmental management and related reporting may increase.
	Mandatory climate disclosure requirements	Climate-related disclosures have become a regular requirement, necessitating the allocation of resources to establish robust management and internal control frameworks.	Reliance on internal departmental coordination, third-party audits and system suppliers may increase.	Increased expenditure: failure to meet relevant requirements in a timely manner may result in fines or other legal liabilities.
Technology risk	Low-carbon technology transition	Heightened energy efficiency mandates intensify the pressure for technological upgrades and capital investments.	Heightened dependency on providers of high-efficiency servers and associated technological solutions.	- Increased capital expenditure: investment in high-efficiency equipment and infrastructure upgrades may increase. - Increased operating costs: expenditure on technology updates and maintenance may increase.
Market risk	Changes in customer preferences	Customers' expectations regarding the environmental performance of products and services may increase, putting pressure on brand competitiveness.	Market expectations for the sustainability of products and services may rise.	Reduced revenue: users may switch to competitors with a more sustainable image.
Reputational risk	Rising environmental expectations of stakeholders	Increasing investor and market demand for transparency in climate governance.	- Impact on talent supply, increasing recruitment and retention pressures. - Potential impact on investor and platform evaluations of corporate governance and sustainability performance.	- Revenue reduction: reputational damage may affect business expansion and customer trust. - Increased operating costs: branding and communication-related expenditure may increase.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Risks and Opportunities		Impact on Business Model	Impact on Value Chain	Potential Financial Impact
Opportunities				
Resource efficiency	Energy and operations optimisation	Optimising server and cloud resource allocation and enhancing office energy-saving management support business growth while improving operational efficiency.	Enhanced energy and resource efficiency optimises internal operations and reduces reliance on energy and waste management services.	Reduced operating costs: electricity, office utilities and waste disposal-related expenditure may decrease.
Energy sources	Clean energy substitution and policy incentives	Implementing solar power, air source heat pumps, and intelligent energy management systems to reduce carbon emissions and enhance energy efficiency.	Increased demand for the operation, maintenance, and management of energy management systems and related equipment.	Operating cost control and risk mitigation: reduces exposure to energy price volatility and enhances long-term cost predictability.
Climate resilience	Business continuity enhancement	Strengthening business continuity and disaster recovery planning supports operational stability under different climate scenarios.	Mitigating the impact of extreme weather on critical systems, office facilities, and external service disruptions to enhance overall operational stability.	Enhanced revenue stability: improved operational resilience mitigates service disruption risks, supporting business continuity and consistent revenue performance.



Assessment Results

Physical Risk	Relevance Assumptions	SSP1-2.6 Scenario			SSP5-8.5 Scenario		
		2030	2050	2060	2030	2050	2060
Typhoons, extreme rainfall and flooding	The Group references IPCC SSP scenarios to establish assumptions for physical risks, including temperature rise, sea-level rise, and extreme weather. By integrating the distribution and operational characteristics of our primary locations, facilities, and critical service dependencies, we evaluate the potential impacts of climate change on business continuity and operational stability, alongside the risks of cost increases and service disruptions.	●	●	●	●	●	●
Sea level rise		●	●	●	●	●	●
Water stress and drought		●	●	●	●	●	●
Increase in average temperature		●	●	●	●	●	●

Transition Risk	Relevance Assumptions	Net Zero Emissions by 2050 Scenario			Stated Policies Scenario		
		2030	2050	2060	2030	2050	2060
Tightening carbon emissions regulations	The Group assumes that climate-related policies and regulatory requirements in its operating locations will gradually tighten, potentially increasing demands for climate disclosure and compliance management. Concurrently, the low-carbon transition may necessitate increased investment in data governance, internal controls, and cloud resource/energy efficiency management. Failure to adequately meet the expectations of investors, platforms, and other stakeholders regarding environmental performance and disclosure transparency could trigger reputational risks, adversely impacting partnership opportunities, user trust, and revenue performance.	●	●	●	●	●	●
Mandatory climate disclosure requirements		●	●	●	●	●	●
Low-carbon technology transition		●	●	●	●	●	●
Changes in customer preferences		●	●	●	●	●	●
Rising environmental expectations of stakeholders		●	●	●	●	●	●

Opportunities	Relevance Assumptions	Estimated Timing of Occurrence
Energy and operations optimisation	We assessed the expected timing for climate-related opportunities to emerge during the company's transition to a low-carbon economy.	Medium term (2030-2050)
Clean energy substitution and policy incentives		Medium term (2030-2050)
Business continuity enhancement		Medium term (2030-2050)



Response Measures

The Group continues to monitor climate change trends and the potential impacts on business operations arising from the evolution of relevant domestic and overseas laws, regulations and policies. The Group proactively identifies climate change-related risks and opportunities and formulates and implements corresponding response measures for the relevant risks, to enhance overall operational resilience and sustainable development capabilities.

In response to extreme weather and temperature fluctuations, the Group strengthens its measures in areas including personnel safety, operational assurance and resource management:

Physical Risk Response

- Develop and improve emergency plans and management systems for personnel safety protection, strengthen inspections and reviews, and ensure effective implementation of safety measures such as keeping window sills free of clutter, powering off vehicle charging piles, and suspending elevator operations.
- Enhance the communication of meteorological early-warning information. Through internal communication systems and electronic display screens, promptly issue safety reminders and relevant arrangements to employees to reduce health and safety risks.
- Establish an extreme-weather response mechanism, including emergency contact arrangements, work-from-home guidelines and a 24-hour emergency duty roster, and actively cooperate with relevant government arrangements.
- Establish a disaster backup and recovery system for office buildings and self-owned/leased servers; formulate an emergency plan for information security incidents; regularly back up critical data and use cloud services.
- Equip self-owned power generation facilities to safeguard business continuity in contingencies.
- Continue to reduce office electricity and water consumption, promote green office practices, and enhance employees' awareness of energy conservation.

To address the impacts arising from the low-carbon transition, the Group will continue to advance the following initiatives in the future:

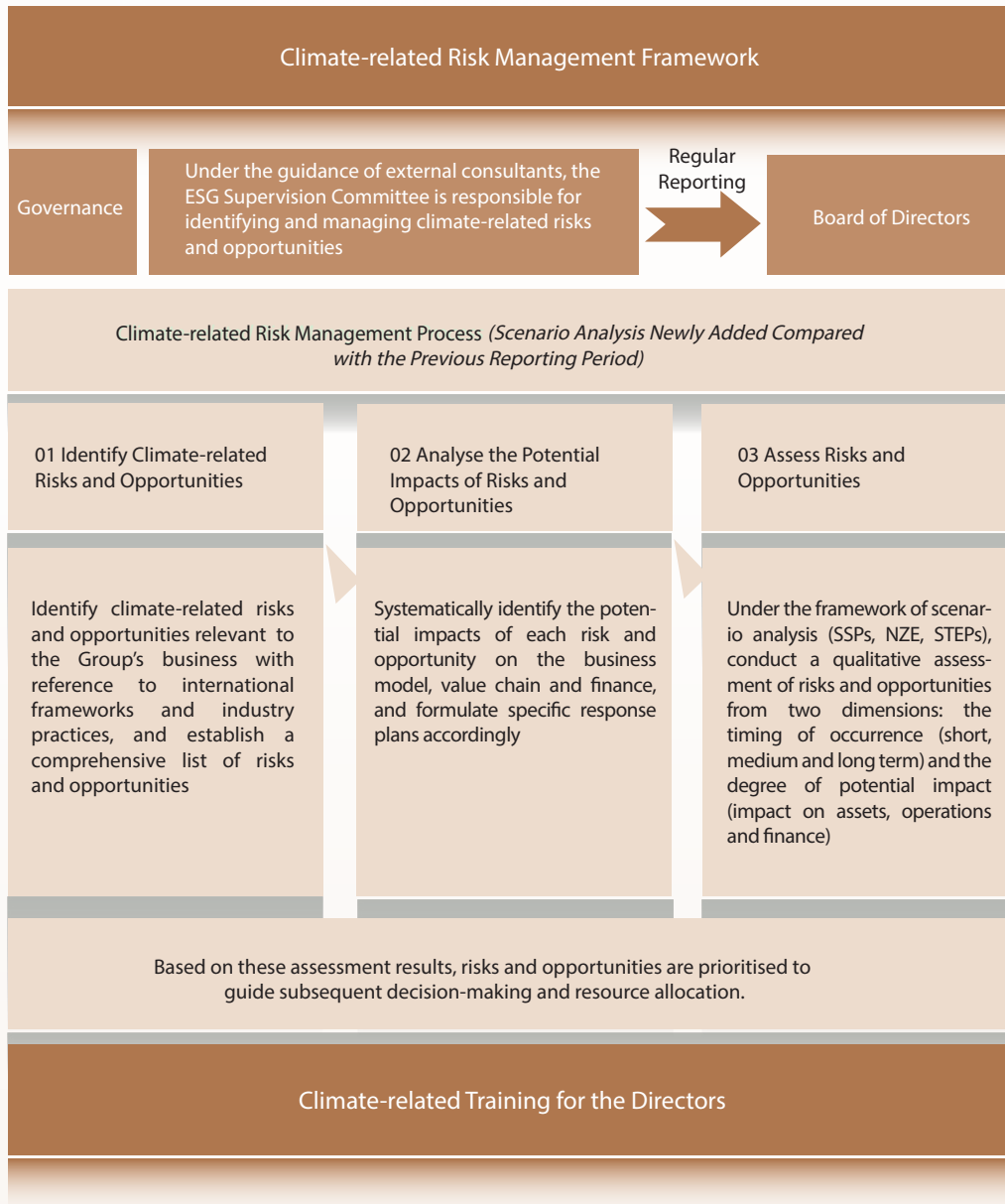
Transition Risk Response

- Strengthen refined energy-use management, and accurately calculate and monitor carbon emissions.
- Increase the proportion of renewable energy use, such as purchasing green electricity.
- Promote green supplier management to enhance the sustainability of the supply chain.
- Actively participate in industry exchanges and cooperation, strengthen external communication, and enhance corporate reputation.



Risk Management

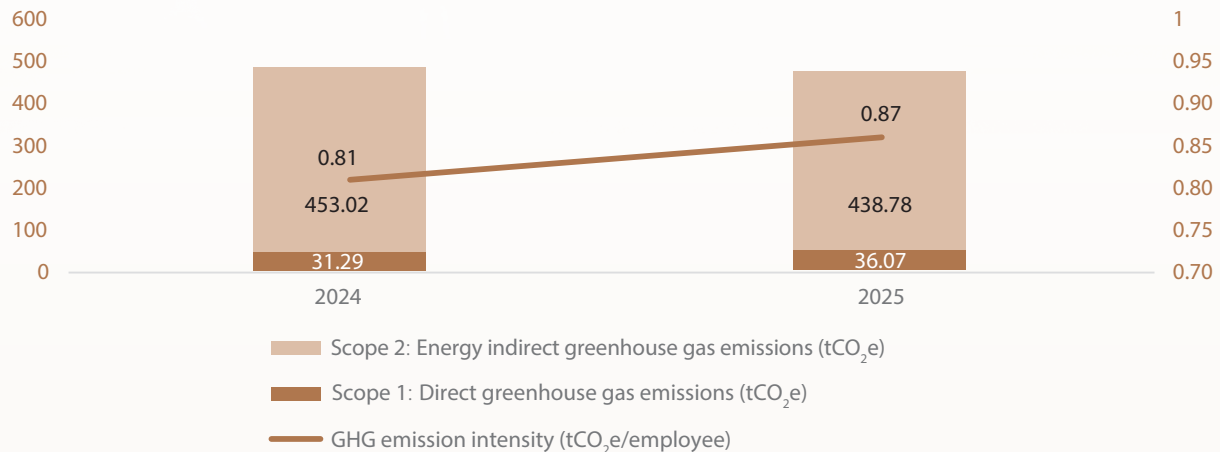
The Group regularly assesses climate change-related risks and opportunities that affect financial performance and incorporates climate change risk management processes into the Group's overall risk management framework.



Metrics and Targets

Greenhouse Gas Emissions

The Group's greenhouse gas ("GHG") emissions¹ mainly arose from direct GHG emissions (Scope 1) generated from vehicle fuel consumption during the operations of the Xiamen and Chengdu offices, and energy indirect GHG emissions (Scope 2²) generated from purchased electricity. Relevant emission data are presented in tonnes of carbon dioxide equivalent (tCO₂e). During the year, the Group's GHG emission data are as follows:



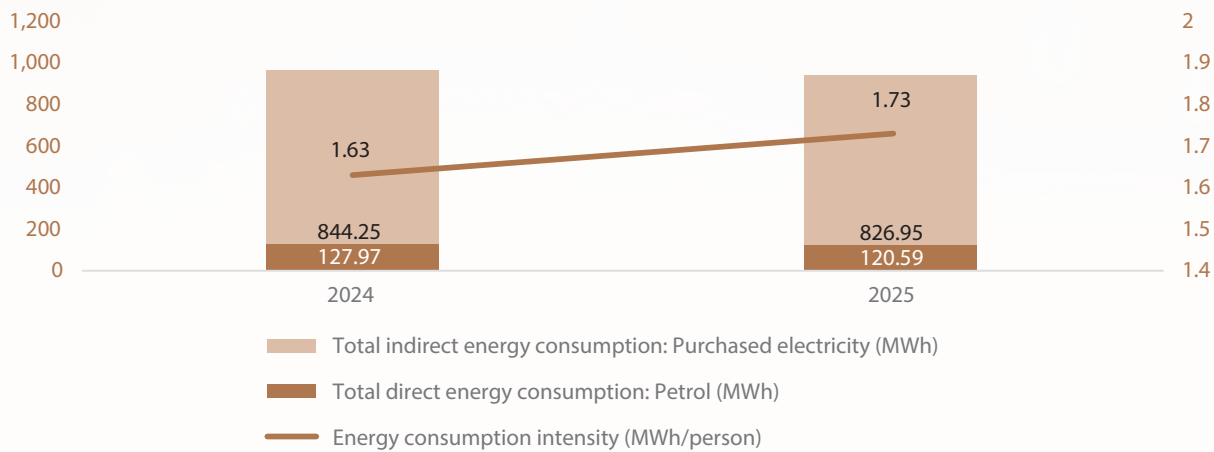
¹ The Group's greenhouse gas emissions calculation standards and emission factors are based on the "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the internationally applicable standard Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, and the Announcement on the Release of the 2023 Carbon Dioxide Emission Factors for Electricity issued by the Ministry of Ecology and Environment of the People's Republic of China. The Group defines its organisational boundary in accordance with the operational control approach, and calculates Scope 1 and Scope 2 emissions using the formula "activity data × emission factor × GWP". Activity data are mainly derived from the internal records of subsidiaries and utility bills (such as electricity bills), while the emission factors and GWP adopted are based on the latest available national/local grid emission factors and internationally applicable GWP values. There were no significant changes in methodology during the Reporting Period, and only the relevant factors were updated based on the latest emission factors / GWP. To ensure consistency with the reporting approach adopted for the current year, the relevant comparative intensity indicators for 2024 have been updated with reference to the advice of the newly appointed external consultant and following a review of the calculation methodology. See the Appendix – Performance Data Summary for details.

² Scope 2 greenhouse gas emissions are calculated using both the location-based and market-based methods. The location-based Scope 2 emissions are presented in the chart, while the market-based Scope 2 emissions were 504.11 tCO₂e.



Energy Consumption

The Group's energy consumption³ data are as follows:



Energy Saving and Emission Reduction

The Group attaches great importance to energy saving, emission reduction and green operation management, and integrates the reduction of energy consumption and environmental impact into daily operations. By improving green office management measures and publicity, the Group has implemented energy-saving concepts into office operations and employee codes of conduct, continuously improving energy efficiency.



Green Energy Saving Publicity

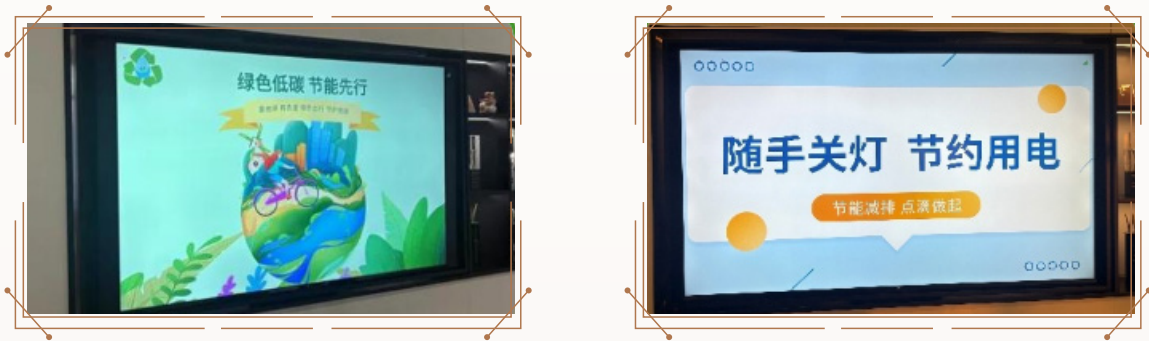
³ To ensure consistency with the reporting approach adopted for the current year, the relevant comparative intensity indicators for 2024 have been updated with reference to the advice of the newly appointed external consultant and following a review of the calculation methodology. See the Appendix – Performance Data Summary for details.



Green Office

The Group has implemented various energy-saving and emission-reduction measures at the levels of office operations and daily employee behaviour. High-efficiency energy-saving equipment such as LED lights are prioritised across office areas, and the air-conditioning cooling temperature in summer is uniformly controlled at 26°C or above to ensure office comfort while balancing energy-saving benefits. The Group also explicitly requires employees to promptly turn off computer hosts, air conditioning and lighting equipment when leaving office areas, and arranges dedicated personnel to conduct irregular inspections of energy use, focusing on electricity consumption in unoccupied areas to eliminate unnecessary energy waste. Regarding employee commuting, the Company uses new energy shuttle buses to transport employees to reduce commuting-related carbon emissions.

In addition, we post slogans such as “Save Electricity”, “Take the Stairs Instead of the Lift” and “Low-carbon Travel” in office areas, and conduct regular energy-saving publicity to encourage employees to develop low-carbon office habits such as turning off lights when leaving and using air conditioning only as needed.



Energy Saving Slogans



Water Resource Management

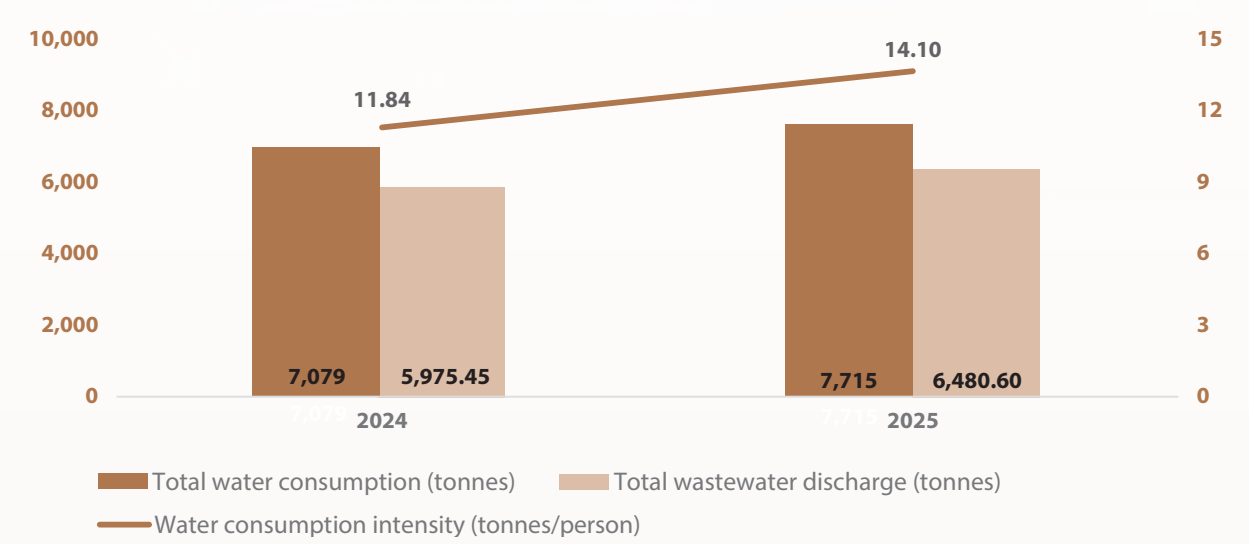
The Group values the protection and rational use of water resources, complies with applicable water-saving laws, regulations and regulatory requirements, and integrates water resources management into daily operation management. During the year, all water used by the Group was sourced from municipal water supplies, involving no extraction of groundwater, surface water or other natural water sources, and there were no relevant water sourcing risks.



The Group promotes water-saving work through both employee publicity and facilities management. By regularly conducting water-saving publicity and education, posting water-saving slogans in public areas such as toilets and pantries, and using corporate electronic screens to push water-saving promotional content, the Group continuously enhances employees' water-saving awareness and promotes the implementation of water-saving behaviours in daily office work. In addition, the property management team regularly inspects water facilities, focusing on troubleshooting leaks and drips, and performs timely repairs and rectifications to effectively reduce unnecessary water resource consumption and improve water management efficiency.



In terms of wastewater discharge, all wastewater discharged by the Group is domestic wastewater, which is strictly discharged through sewage pipes to sewage treatment plants in corresponding areas for centralised treatment in accordance with the requirements of relevant laws and regulations such as the Water Pollution Prevention and Control Law of the People’s Republic of China, involving no industrial wastewater discharge. During the year, the Group’s water resource consumption⁴ and wastewater discharge are as follows:



Emissions Management

The Group regards the reduction of pollution generation and emissions as an important part of green operations. Our goal is to continuously reduce the environmental impact of daily operations through the implementation of management measures such as promoting conservation and waste reduction, reasonable travel, and standardising waste classification, recycling and disposal, while advocating a green and low-carbon work and lifestyle at the level of employee behaviour.

⁴ To ensure consistency with the reporting approach adopted for the current year, the relevant comparative intensity indicators for 2024 have been updated with reference to the advice of the newly appointed external consultant and following a review of the calculation methodology. See the Appendix – Performance Data Summary for details.



Waste Management

The non-hazardous waste generated by the Group is mainly domestic waste produced during the daily operation of office premises. We strictly implement waste classification requirements by setting up four types of waste bins – “dry waste”, “wet waste”, “recyclable waste” and “hazardous waste” – in office premises to implement classified disposal and centralised management of non-hazardous waste, which is then uniformly transported by property management units to designated disposal points within the park for processing.



In line with the national requirements of “practising strict economy and opposing waste”, the Group continues to promote green office practices in its office premises and implements the principle of conservation in logistics and catering management. Adhering to the traditional belief that “every grain on the plate comes from hard toil”, the Group promotes the implementation of meal-saving measures and the practical implementation of green development concepts within the organisation.

Paperless office



Leveraging information technology to optimise workflows and digitalise documents like annual reports, enhancing paperless office practices and reducing the consumption of paper and printing supplies;



Encouraging employees to reuse paper and other resources while striving to reduce the consumption of single-use office supplies;



Cultivating resource-saving and green office habits through systematic communication and positive reinforcement to implement green concepts in daily office operations.



Food conservation



Implementing the “Clean Your Plate” campaign: guiding employees to take food according to their needs and eliminate waste in canteen scenarios, reducing the generation of kitchen waste from the source;

Reducing the use of single-use catering supplies: providing reusable trays, bowls, chopsticks and other tableware uniformly to lower the consumption of single-use items;

Strengthening publicity and daily guidance: enhancing employees’ awareness of frugal and civilised dining through multi-channel publicity and continuous guidance, promoting the implementation of the “Clean Your Plate” campaign in daily behaviour, and fostering the practice of green lifestyles.

Waste Disposal

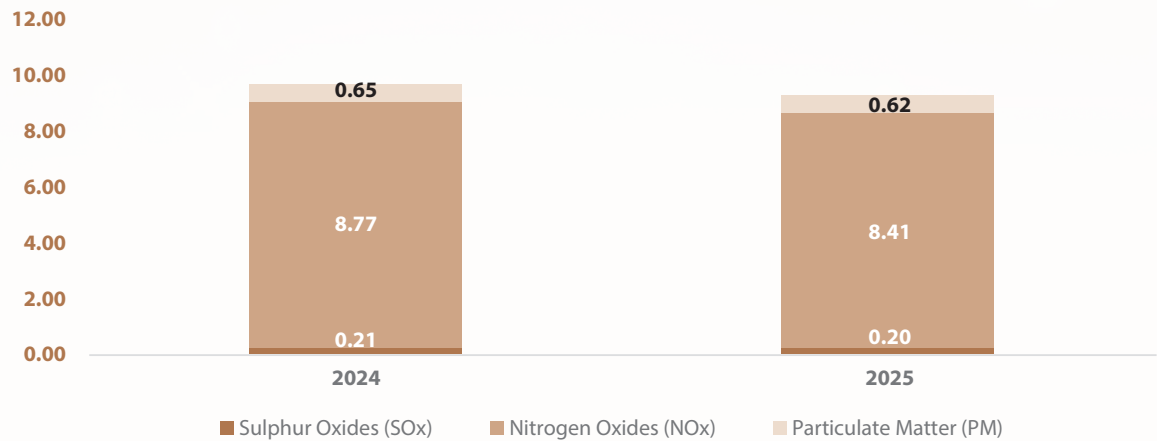
The hazardous waste generated during the Group’s office operations⁵ mainly includes a small amount of drum cartridges and used ink cartridges. During the year, a total of approximately 0.009 tonnes of hazardous waste was generated, with a hazardous waste intensity of approximately 0.0165 kg per person. In respect of the above hazardous waste, the Group has set up dedicated sealed collection containers with clear labels, and uniformly hands it over to qualified recyclers for recycling and reuse. At the same time, scrapped electronic equipment and certain equipment with reuse value are also handled by suppliers with recycling qualifications, to promote resource recycling and reuse while reducing the related environmental impacts.

⁵ As complete data on the disposal of non-hazardous waste was not available for the year, the amount and intensity of non-hazardous waste disposed of for the year are not disclosed for the time being.



Air Pollutants

The Group’s air emissions mainly arise from the use of company-owned vehicles during daily operations. The Group will continue to monitor vehicle usage and reduce unnecessary fuel consumption and emissions through the reasonable arrangement of travel needs.



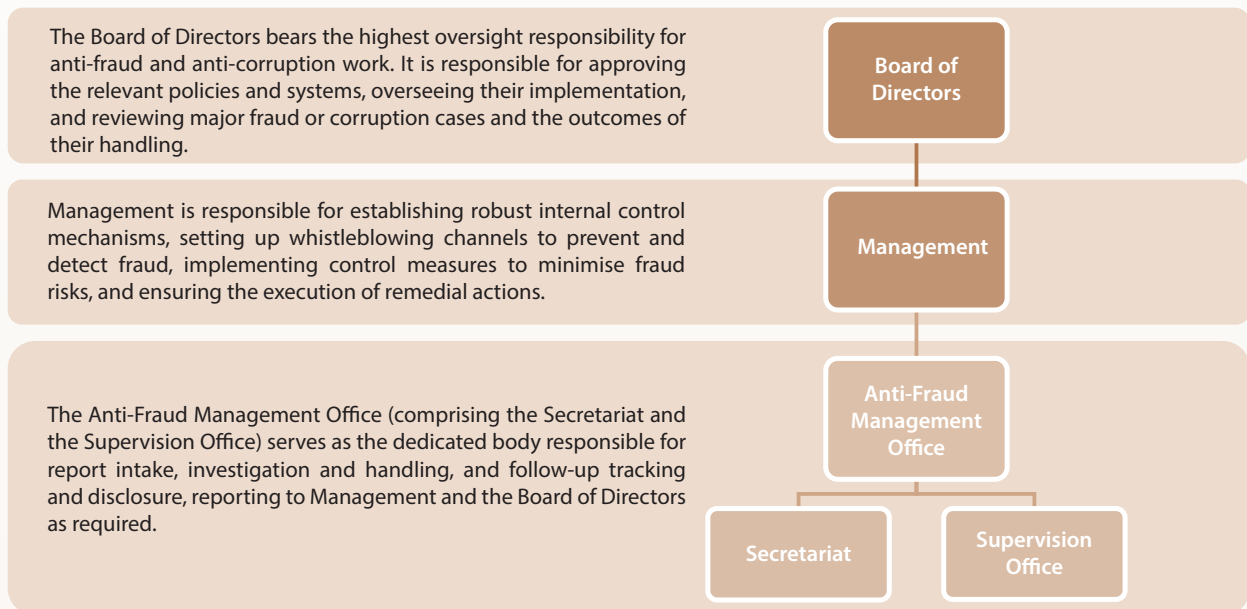
RESPONSIBLE OPERATIONS



9.1-Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Business Ethics

The Group attaches great importance to honest operation and compliant governance, strictly complying with regulations such as the Anti-monopoly Law of the People's Republic of China, the Anti-unfair Competition Law of the People's Republic of China and the Interim Provisions on Prohibiting Commercial Bribery to ensure that all business activities are lawful and compliant. During the year, the Group had no non-compliance incidents in the following areas, including corruption, discrimination, customer privacy issues, conflicts of interest, money laundering or insider dealing.



Integrity Operations

The Group has formulated a series of policies including the Employee Handbook, Procurement Policy of Qingci Games, Anti-Fraud Policy of Qingci Games, Anti-Corruption Policy and Internal Audit Policy, which set out requirements for anti-bribery, anti-fraud and the prevention of conflicts of interest, and prohibit any form of commercial bribery and other improper transfer of benefits. At the same time, these policies regulate conduct relating to gift and hospitality management, charitable donations/sponsorships and political contributions, and establish anti-corruption training, reporting, investigation and handling mechanisms, as well as accountability measures for violations, to prevent and address fraud and misconduct. The Board of Directors is the highest decision-making and oversight body for the Group's Anti-Corruption Policy, and the relevant policy takes effect upon approval by the Board.



Reporting Mechanism

The Group has established and continuously improved a reporting mechanism for identifying, reporting and investigating violations of the code of conduct, fraud and other improper conduct. The reporting channels are open to the Group's employees and external parties who have direct or indirect economic dealings with the Group. Employees may anonymously report suspected corruption and other incidents to the legal team, or report the matter directly to middle and senior management. The Group ensures that the reporting channels remain open and that confidentiality is strictly maintained, and adopts a zero-tolerance approach towards any form of retaliation. All reported cases are accepted, investigated, handled and followed up in accordance with established procedures. Where allegations are substantiated, corresponding administrative and disciplinary sanctions will be imposed in accordance with the relevant regulations, and where a violation of law is suspected, the case will be referred to the judicial authorities for handling in accordance with the law. In respect of fraud cases that have already been dealt with, the Anti-Fraud Management Office will issue notifications and make disclosures within the prescribed scope.

During the Reporting Period, there were no concluded legal cases regarding corruption brought against the Group.

Integrity Culture Building

The Group requires employees to adhere to the Employee Handbook and the Code of Business Conduct and Ethics, which set out internal norms and guidelines on best business practices, professional ethics, anti-fraud and fraud prevention, as well as the prevention of negligence and corruption. Meanwhile, we provide compliance on-the-job training for management and all employees, and provide information related to compliance and integrity risks to the Board of Directors as required, to continuously foster a sound corporate culture.

Compliance Operations

Tax Transparency

The Group carries out tax-related work in accordance with laws and regulations, strictly complying with the applicable tax laws, regulations and regulatory requirements of the locations where each business unit operates. The Group upholds a prudent and compliant tax strategy to ensure that tax arrangements are consistent with actual business activities and value creation, and does not engage in aggressive tax arrangements for the purpose of tax avoidance. The Group commits not to utilise tax structures lacking commercial substance, nor to shift profits to low-tax or tax-opaque jurisdictions, and will continuously enhance tax management and transparency subject to compliance with laws, regulations and business confidentiality requirements.



External Donations

The Group strictly complies with applicable laws and regulations and prudently manages external donations and related expenditures. Given the nature of the Group and its principal places of operation, the Group did not make any political contributions or political expenditures during the Reporting Period, nor did it provide funding or support to political campaigns, political parties or political organisations, lobbyists or lobbying organisations. At the same time, the Group did not make any donations or provide any funding related to political activities to industry associations or other tax-exempt organisations.

Supply Chain Management

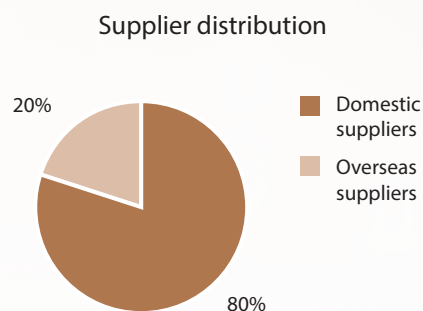
The Group has formulated the Procurement Management Policy and Work Processes of Qingci Games, covering procurement planning, procurement review, procurement application, supplier sourcing, supplier screening, procurement negotiation, delivery acceptance and warehousing of surplus goods, establishing a standardised management mechanism. Based on the concept of full-value chain control, we incorporate procurement and supplier management into risk identification and preventive control, and set requirements for suppliers' business ethics and sustainable development performance.



Supplier Management Process



Our suppliers include third-party distribution platform suppliers, payment channel suppliers, game developers for self-introduced licensed games, other relevant game service providers, third-party advertising and marketing service providers, server providers and equipment suppliers. As at the end of the Reporting Period, the Group had a total of 1,289 domestic suppliers and 317 overseas suppliers.



Supply Chain Environmental and Social Risk Management

To strengthen supply chain risk management, during the year the Group identified, from a value chain perspective, the potential environmental and social impacts that may arise at each stage of the supply chain, including greenhouse gas emissions and resource consumption, labour and occupational health and safety, business ethics, as well as information security and reputational risks that may arise from differences in partners' data protection practices. The results of the above identification will serve as an important reference for the Group's subsequent supplier management, and will be incorporated throughout supplier admission, cooperation management and periodic assessment. The Group comprehensively considers suppliers' compliance performance and risk profiles, and monitors them through public information checks, follow-up during the cooperation process and periodic reviews.

In terms of green procurement, the Group will gradually increase the adoption and prioritisation of environmentally friendly products and services within feasible scope, incorporating relevant factors into procurement decisions and supplier selection considerations to drive continuous improvement in supply chain environmental performance.

Product Responsibility

Healthy Gaming

Content Moderation

As the number of platform users and the volume of interactive content continue to grow, Qingci Games has long focused on the governance of user-generated content ("UGC") and the maintenance of community order. In accordance with relevant national laws and regulations and the Qingci Games User Service Agreement, the Group has formulated and implemented the Content Moderation Policy to standardise the management of various types of UGC on the platform (such as nicknames, avatars, public screen/private chats, images/videos, posts/shared content and external links) and related moderation activities.



- Violence and Gore
- Sexually Explicit and Pornography Content
- Hate Speech and Discrimination
- Misinformation and Disinformation
- Terrorism and Violent Extremism
- Cyber Harassment
- Self-harm and Dangerous Acts



The Group focuses on controlling high-risk content that may harm personal safety, infringe upon the rights and interests of others, or disrupt community order (including but not limited to violence and gore, explicit vulgarity, hatred and discrimination, extremism, etc.). Among these, stricter management requirements are applied to sensitive content involving minors, and precautions against phishing/counterfeit information and unauthorised disclosure of personal information are strengthened.

For player speech within games, the Group has integrated a moderation system and adopted a dual review approach of automated and manual review to monitor and handle non-compliant or suspected non-compliant content. Measures include withdrawing messages, issuing warnings or muting users, suspending accounts and reporting to the relevant authorities.

Protection of Minors

Qingci Games attaches great importance to the protection of minors and regards it as an essential part of fulfilling social responsibility and promoting a healthy gaming ecosystem. The Group strictly complies with laws and regulations such as the Administrative Measures for Internet Information Services of the People's Republic of China, and follows regulatory requirements such as the Notice of the National Press and Publication Administration on Further Strict Management and Effective Prevention of Minors' Addiction to Online Games and the Notice on Further Strengthening the Management of Preventing Primary and Secondary School Students from Becoming Addicted to Online Games, and continues to advance and implement anti-addiction management measures for minors. During the year, the Group was once again selected as a corporate case for the protection of minors in the gaming industry and was featured in the 2025 Report on the Progress of Minor Protection in China's Gaming Industry published by the China Audio-video and Digital Publishing Association Working Committee and Gamma Data.

System Protection

The Group strictly complies with relevant anti-addiction regulatory requirements for games in mainland China, and has integrated real-name registration and anti-addiction systems for all games released in mainland China, strengthening real-name authentication and the restriction and management of minors' playing time and payment behaviour.

Management Stage		Specific Measures
01	Behavioural Identification	Implement real-name authentication and consistency verification (verification of name and ID card information) during the registration stage. Gaming activities can only proceed after real-name verification is passed, to identify minor users misappropriating adult accounts.
02	Time Management	Systematically monitor, calculate and limit the cumulative gaming time of minors: minors are only allowed to log in to games between 20:00–21:00 on Fridays, Saturdays, Sundays and national statutory holidays, with a daily gaming duration of 1 hour. If the time limit is exceeded, a prompt will pop up, and the user will be forced to log out.
03	Spending Restriction	Implement payment restrictions and management for minors according to regulatory guidelines. Minors under the age of 8 are not allowed to make in-game purchases/top-ups.



Qingci Parent Guardian Platform

During the year, we continued to maintain the “Qingci Parent Guardian Platform” to assist parents in understanding and managing the gaming behaviour of minors, guiding the establishment of healthy gaming habits and reducing the risk of addiction.

Meanwhile, operational guidelines and answers to frequently asked questions are provided through multiple customer service and information channels, making it convenient for parents to raise requests related to the protection of minors.

Support Channels

- Game Client
- Official Website
- Official WeChat Account
- Customer Service Team

Guardian Linkage

Parents link their children’s accounts using their own identity information and configure protection plans.

Helpful Reminders

Parents can set up SMS notifications for children’s login and logout time to assist in managing playtime duration.

Spending Inquiry/Restriction

Parents can review top-up and consumption details for the past 7 days and can limit or prohibit recharges with a single click.

One-click Play Ban

Access to specific or all games can be restricted with one click to mitigate the risk of excessive gaming.

Multi-account/Family Management

Parents can link multiple accounts for several children and invite family members for shared guardianship.

The Qingci Parent Guardian Platform provides children with reasonable gaming space

Care for Minors

Regarding issues related to game top-up refunds for minors, the Group has established a corresponding refund handling mechanism and a care and support process for minors. A “Care for Minors” section has been set up in the customer service zone, handled and followed up by professional staff. Parents can submit applications and feedback through multiple customer service channels. During the process, applicants will be requested to provide necessary supporting evidence (such as proof of guardianship, consumption records, etc.) based on actual circumstances, which will be verified in conjunction with back-end behavioural information and via video. Upon confirmation of eligibility, refunds will be completed as soon as possible according to established procedures. Parents will also be reminded to strengthen account and payment security settings and guardianship measures to reduce the risk of recurrence.



The Group attaches importance to cultivating employees' awareness of minor protection and incorporates minor protection considerations into the conception and presentation of game content. We encourage the use of positive expressions and content designs that contribute to physical and mental health development, avoiding undesirable plots. Meanwhile, educational science, traditional culture and public welfare elements are integrated into appropriate contexts, guiding the establishment of correct values through edutainment.

Moving forward, we will continue to strictly comply with various anti-addiction regulatory requirements for minors, refine management measures and customer service feedback processes, and continue to explore the combination of content design with positive guidance and cultural public welfare, creating a safer and healthier gaming environment.

Excellent Service and Customer Relations

Responsible Marketing

In carrying out brand promotion and market communication activities, Qingci Games upholds the marketing principles of prudence, compliance and responsibility. The Group strictly complies with relevant laws and regulations⁶ such as the Advertising Law of the People's Republic of China and conducts necessary reviews of promotional content to reduce the risk of adverse impacts on users. Meanwhile, the Group has formulated and implemented the Advertising Code of Ethics.

Advertising Code of Ethics

Product-related Codes

- Tobacco: No depiction of, or implication of, smoking behaviour
- Alcohol: No depiction of alcohol or drinking behaviour
- Weapons: No promotion of firearms, ammunition or explosives
- Gambling: No real-money gambling or betting; no implication of monetary rewards

Behaviour-related Codes

- Violence: No excessive violence or glorification thereof; no violent content involving minors
- Discrimination: No stereotypes or derogatory symbols/language
- Cultural Sensitivity: Respect local culture; avoid offensive elements; encourage diverse representation
- False Information: No exaggeration of key information; probability-based mechanisms must not use "guaranteed" claims
- Child Wellbeing: Content aimed at minors must be positive and health-oriented
- Safety and Health: No encouragement of dangerous behaviour; include safety warnings/disclaimers where necessary

⁶ For the list of relevant laws and regulations, please refer to the Appendix "Applicable Laws and Regulations".



Experience Enhancement

The Group takes enhancing player experience as its core. The management and the game publishing and operation teams are closely involved in the entire game production and testing process. Through process-based management and cross-departmental collaboration, we strengthen quality control and problem response mechanisms from R&D to post-launch. Meanwhile, we have introduced AI auxiliary tools into R&D, testing, marketing, operation and maintenance, and localisation to improve production efficiency and delivery quality. Core content creation remains led by professional teams, with AI primarily serving as auxiliary support.

Development and Publishing Stage

During the game development and publishing stage, we aim to reduce launch risks and ensure delivery quality. By combining early insights, multi-layer testing and playtesting, test server verification and third-party collaboration, we support the stable launch of versions through a process-oriented task management workflow.

1 | Insights and Evidence

- Research industry trends, changes in player needs and preferences, and feedback on existing games.

2 | Multi-layer Testing and Playtesting

- Develop demo versions, which undergoes internal professional testing and management evaluation, and invite external players for playtesting to collect opinions on functions and experience.
- Adjust and optimise content at each development stage based on gameplay experience, testing feedback and data performance.

3 | Validation through the Test Server (Photon Server)

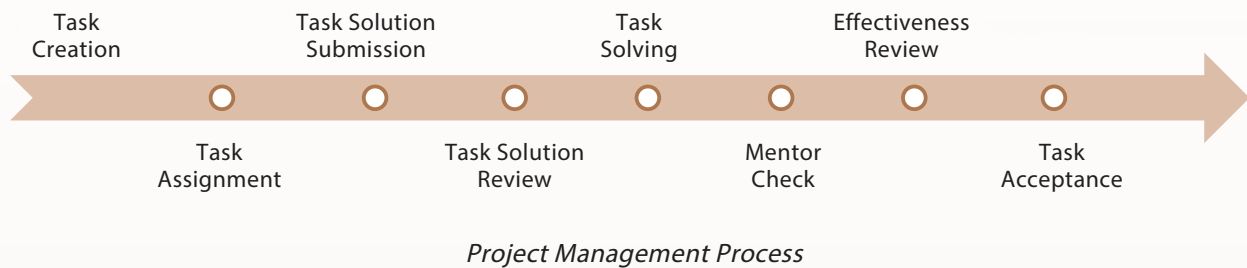
- Set up an open beta test version (Photon Server) as a testing environment. New function updates are first verified on the test server and adjusted according to feedback and then pushed to the live server after confirming that there are no major issues.
- Conduct irregular test incentive activities on the Photon Server to encourage player feedback on updated content, improving the proactiveness and efficiency of feedback.

4 | Third-party Developer Collaboration

- After third-party developers obtain game demo versions, the Group assigns a dedicated team to participate in game optimisation and conduct multiple rounds of testing and evaluation, enhancing game quality and improving player experience.



The Group manages product development tasks in a process-oriented manner and sets “effectiveness review” as a delivery quality control node. The task initiator or their mentor conducts an inspection and assessment of the presentation effect of the results, ensuring that the delivered results not only conform to code logic but also meet established design standards and performance effects. Before version delivery, the Group also performs a final check through the task acceptance process, examining dimensions such as functional completeness, performance stability, interface performance and experience fluidity. During the year, we further strengthened the “Person-in-charge System”, clearly designating responsible persons according to development versions and system modules to coordinate cross-departmental collaboration and progress management. Through the accountability mechanism, version development requirements are enhanced, ensuring version content is completed on time and launched as scheduled.



Operation Stage

Operations Support and Rapid Response	Data Monitoring and Analysis	Version Iteration	Player Interaction
– Timely identification and resolution of technical issues; – A new “Feedback – Verification – Repair” chain involving QA and Customer Service collaboration was established this year. Customer Service aggregates player feedback and transfers it to QA for verification and reproduction, enabling rapid localisation and coordinated repair/updates; – The development team regularly reviews the stability and efficiency of technical solutions to mitigate potential performance risks, such as code redundancy resulting from long-term maintenance.	– Utilise data analysis tools to monitor and analyse game performance, player feedback, and player behaviour data; – Regularly conduct data analysis on updated content, compare the effects before and after updates, and develop targeted improvements.	– Continuously launch optimised versions featuring new settings, gameplay, content, and functions, and perform regular game updates.	– Collect suggestions and solicit feedback through interaction mechanisms such as developer emails, encouraging participation from all players across the server.



Product Evaluation Process

The Group also continues to optimise the “Product Evaluation Process”, identifying user experience issues through testing and player feedback, and locating them across multiple dimensions such as interface, prompts and numerical values. Proposed solutions are discussed and evaluated, and once confirmed, are implemented accordingly. Following improvements, acceptance evaluation and feedback verification are carried out to ensure that issues are effectively resolved and that product quality and competitiveness are maximised.



Global Expansion

As products gradually expand into multiple overseas markets, the Group continues to refine its localisation management mechanism and advance its localisation efforts across three areas: “local player participation”, “localisation tools” and “localisation customisation”.

01 Local Player Participation

- We actively involve local players in localisation efforts, drawing on their understanding of local culture and language strengths to help accurately capture authentic expressions of terminology and proper nouns, and to integrate content elements that are better aligned with local markets into the game.

02 Localisation Tools

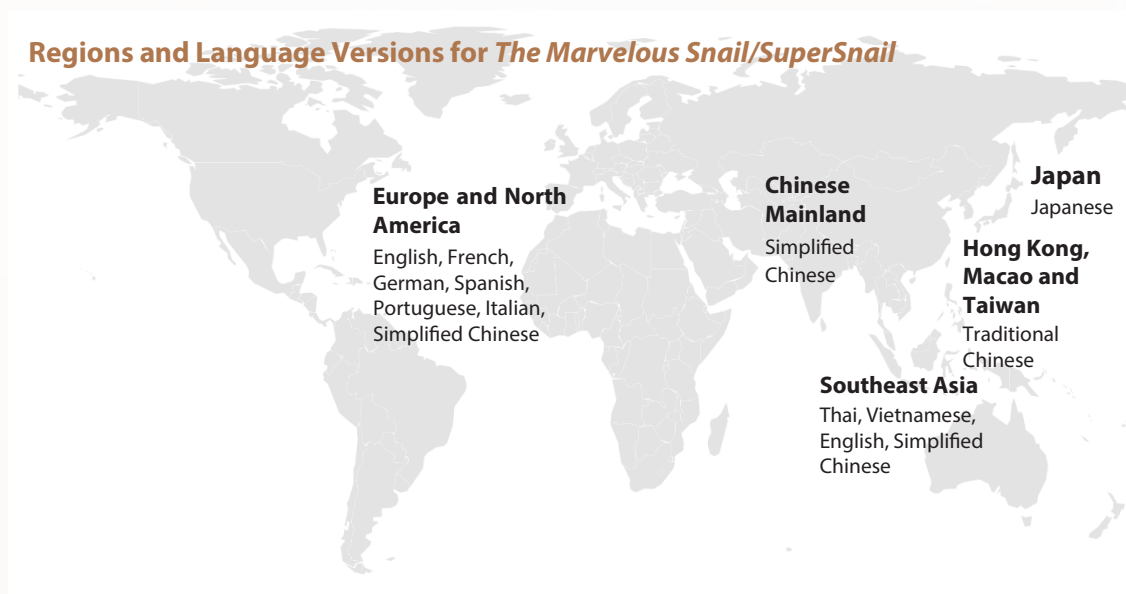
- We increase the use of localisation development tools and automation tools to improve translation and delivery efficiency and accuracy, while reducing labour costs and translation error rates, thereby ensuring consistent quality performance of the game across different language environments.

03 Localisation Customisation

- We carry out customised localisation development by optimising character dialogue and narrative expression in local languages to better align with local players’ communication habits and cultural backgrounds. We also incorporate local art design, user interface and popular cultural elements, including designing festival events in accordance with local characteristics and adjusting character images and art assets, so as to enhance overall immersion and cultural relevance.



The Group has achieved fruitful results in its global expansion, with several products launched in countries and regions such as Thailand, the United States, Canada and Australia. The Japanese market is one of the Group's important practical cases. Through research into local publishing models and player preferences, the Group has continuously optimised its localisation strategy and content quality, promoting the launch of *The Marvelous Snail/SuperSnail* in Japan and gaining market recognition.



Customer Communication and Service

Qingci Games attaches great importance to player communication and service experience management. We strictly comply with relevant laws and regulations, such as the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, continuously listen to player demands, and promptly collect user opinions and feedback to safeguard the legitimate rights and interests of players.

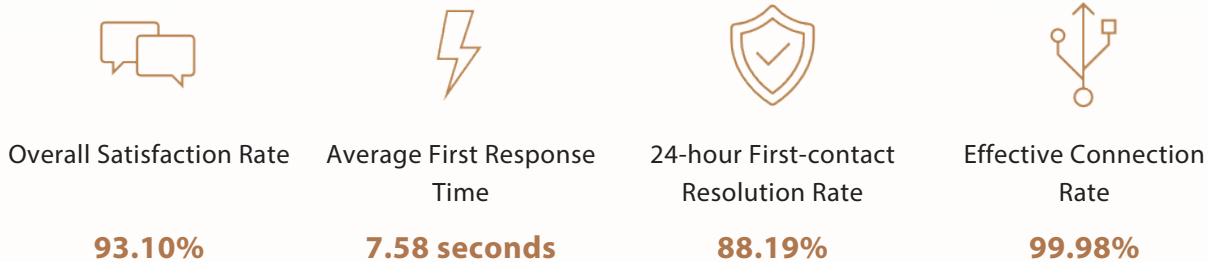
The Group provides players with continuous customer service through multi-channel, multilingual support, including online customer service, in-game enquiry systems, WeChat official accounts, and email. For overseas and global users, the Group also offers email communication channels to handle enquiries and feedback from players in different regions, thereby supporting product localisation and development in local markets.

Regarding service process management, the Group has established a standardised mechanism for handling player enquiries and issues. Upon receipt of a submission, the customer service team verifies the case and classifies it by category, including account-related matters, top-ups, data enquiries, gameplay settings, bug reports, suggestions, complaints and misconduct reports. Matters that can be handled immediately are responded to promptly and closed efficiently. For cases that cannot be resolved immediately, the customer service team records the relevant details, coordinates with the appropriate departments or personnel for investigation and follow-up, and keeps players informed in a timely manner until the cases are properly closed. In terms of service responsiveness, the online customer service and official WeChat account channels provide timely support, while email enquiries are generally responded to within one to three working days, so as to ensure that players' needs are addressed appropriately.





During the year, the Group handled a total of 163,100 pieces of user feedback, with an overall customer service satisfaction rate of 93.10%. A total of 88 complaints were received during the year, all of which were properly handled or resolved.



Information Security and Privacy Protection

Privacy Protection

The protection of the privacy of players and users has always been a core priority of the Group. The Group strictly complies with applicable laws and regulations, including the Data Security Law of the People's Republic of China and the Personal Information Protection Law of the People's Republic of China. The Group has formulated and implemented the Personal Information Protection Management Policy to systematically regulate the principles and security requirements governing personal information processing activities. The Cybersecurity Leading Group has been designated as the body responsible for personal information protection, and a personal information protection officer has been appointed to coordinate relevant work, participate in major decision-making, and report to the person primarily in charge. In addition, the Group has established mechanisms for personal information security impact assessments and risk assessments and regularly conducts internal security audits relating to personal information protection, with a view to continuously monitoring and enhancing the compliance and security management of personal information processing activities.

In addition, the Group has published the Qingci Games Privacy Policy and Qingci Games User Agreement, clearly explaining the scope of personal information collection, purposes of use, storage periods and security protection measures. We provide channels for users to exercise their rights, such as inquiry, modification/correction, deletion, withdrawal of consent and account cancellation, to safeguard the security and legitimate rights and interests of users' personal information.



Safeguarding User Privacy

Informed Consent	• Players are fully informed of how their data is collected and used. They are required to read the data privacy policy applicable to their region and provide consent before registering an account and using the games. • Players may manage permissions, such as access to location and microphone functions, through device or system settings, and may also manage their preferences for cookies⁷ and push notifications. • In accordance with applicable laws and regulations, players may request access to, correction or deletion of their personal data, withdraw their consent, and request account cancellation.
Security Assurance	• Access rights are assigned based on employees' seniority and departmental responsibilities. Only authorised personnel may access player data within a limited timeframe. • Confidentiality agreements are signed with both employees and business partners. In the event of a breach of information protection obligations, the Group may terminate the cooperation or employment relationship and, where appropriate, pursue legal liability.
Data Protection	• Player data stored in the system is encrypted, and cloud-based as well as external firewalls are deployed to protect game systems. • De-identification measures are implemented before conducting internal analysis of player behavioural data, such as gameplay records and records of in-game virtual item purchases. • User passwords are encrypted using cryptographic algorithms and stored in encrypted form. • The number of failed password attempts and retry intervals are restricted to prevent brute-force attacks. • Identity document information is encrypted and stored separately. • Personal data is retained only for the period necessary to fulfil the relevant service purposes. Upon expiry of the retention period, or when the data is no longer required, it will be deleted or anonymised in accordance with applicable laws and regulations, unless otherwise required by law. • As a general principle, players' personal data is not shared with, transferred to, or otherwise disclosed to third parties. Where business needs require such sharing, users will be informed and the necessary authorisation or consent will be obtained.

During the year, the Group did not receive any requests from government departments or law enforcement agencies for the acquisition or inspection of user personal data, nor was there any situation of providing user data to relevant agencies.

⁷ A cookie is a small text file sent to the user's browser by a website visited by the user. It typically contains an identifier, the site name, and certain numbers and characters, and helps the browser retain information about the user's browsing activities.



Information Security

The Group strictly complies with rules and regulations regarding information security in the locations where it operates, such as the Cybersecurity Law of the People's Republic of China and the Information Security and Access Management Policy.

The Board of Directors of the Group (through the Audit Committee) is responsible for overseeing the establishment and effective operation of the Group's risk management and internal control systems and supervising and regularly reviewing major risk matters including information security. The Group has also established an Information Security Leading Group, led by the Chief Technology Officer (CTO), to coordinate information security governance. It is responsible for reviewing and formulating information security-related development plans, policies and management systems, and supervising their implementation. An office has been set up under the Leading Group to handle daily security management.

Information Security Policy

The Group has formulated the Overall Information Security Planning Scheme, explicitly establishing and continuously improving the information security management system. It requires proactive security monitoring and timely response to and disposal of information security incidents. Meanwhile, the Group has formulated internal management policies such as the Regulations on Information Security Management for Internal Personnel, implementing security protection and control requirements throughout the data life cycle (collection, storage, display, processing, use and destruction) to enhance data protection and ensure the confidentiality, integrity and availability of data.

In addition, the Group signs Confidentiality Agreements with third-party units, setting out requirements for data confidentiality and secure use for business partners (such as third-party payment channels). They are prohibited from damaging, hiding or allowing unauthorised access to data. Player behavioural data of licensed games is only shared with third-party game developers to reduce information security risks brought by third parties.

Regarding employee responsibility, the Group explicitly defines the information security and confidentiality responsibilities of all employees in the Employee Handbook, including the prohibition of disclosing confidential information to third parties. Operations such as copying and transmitting confidential data must obtain written permission in accordance with regulations, strengthening employees' awareness of compliance and responsibility.

Information Security Management Plan

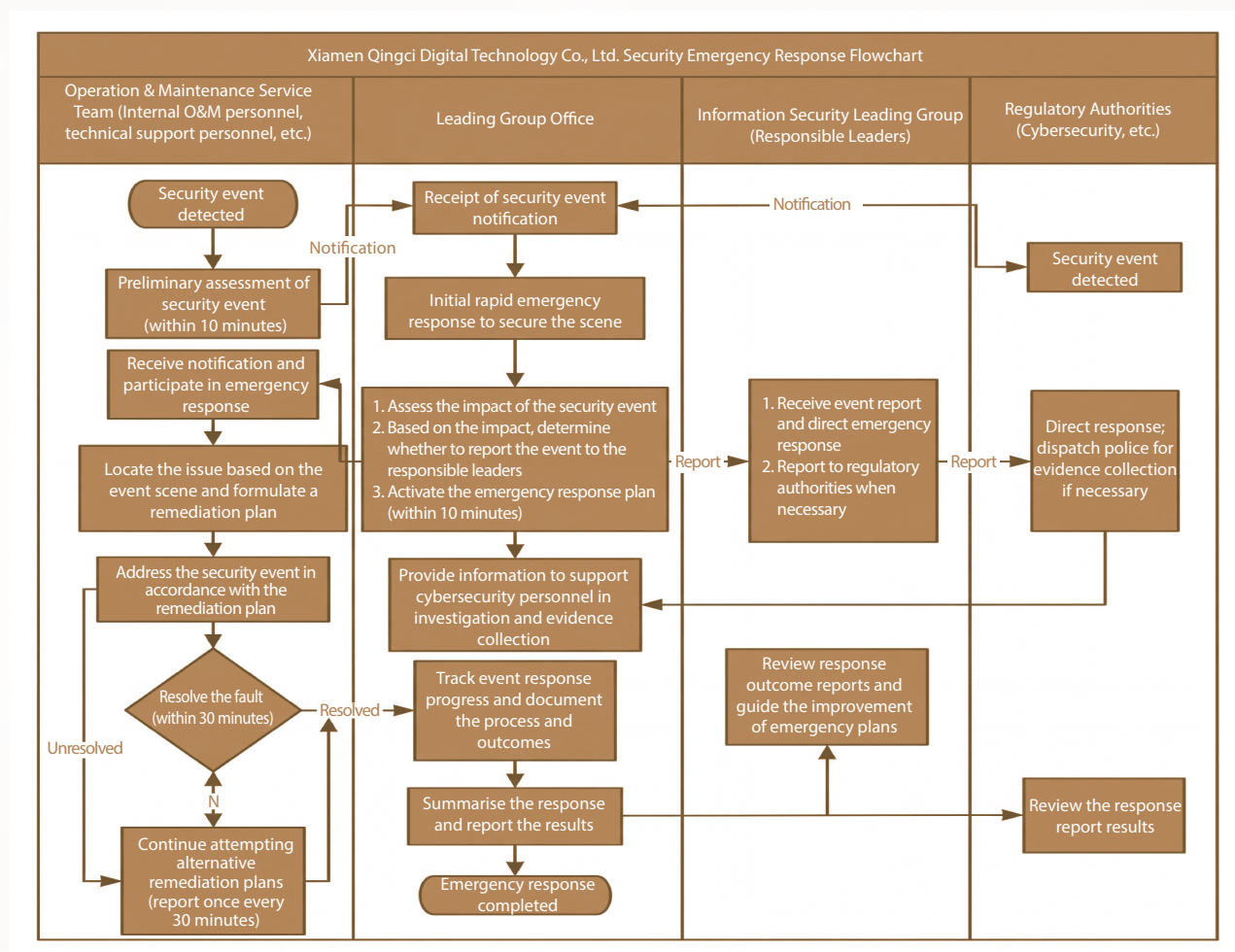
To implement information security protection, the Group has adopted a series of management measures covering hierarchical control, authority management, data backup, cloud protection, security monitoring and employee training.



Tiered Management and Control	• Implement tiered control measures according to the level of information sensitivity, covering access control, SSL-encrypted transmission and masked display of sensitive information; • Designated personnel are responsible for data management and protection, and internal inspections are carried out on a regular basis.
Access Management	• Strict management is imposed on employees who may have access to user information. Approval mechanisms are established for key operations such as data access, masking and decryption, to reduce the risks of unauthorised access and misuse.
Disaster Recovery Management	• Data is accessed through the internal network only, with external network connections prohibited, to ensure that data is used and transmitted only within the internal network; • Backup strategies and process specifications have been established, with daily full backups and scheduled incremental backups implemented to avoid data loss.
Cloud Security	• Encrypt players' personal data stored on cloud servers provided by third-party service providers, set up cloud-based and external firewalls for games, and conduct regular security testing.
Vulnerability Management	• The database is equipped with the SQL monitoring and auditing system provided by a third-party service provider; • Early warning of risks is carried out based on vulnerability analysis reports, and penetration testing and security assessments are regularly conducted by external security institutions.
Security Training	• The Measures for the Administration of Personnel Safety Awareness Education and Job Skills Training have been formulated, and security education and training are organised quarterly (including basic information security knowledge and job operation procedures); • The legal team is responsible for providing directors, senior management and other employees with training on the latest legal and regulatory developments; • The Emergency Drill Plan has been formulated, and information security incident emergency drills are regularly organised for various departments.

In addition, to ensure the continuity of information security-related business, the Group has established emergency response and recovery processes for information security incidents, clarifying arrangements for incident discovery, notification, classification, collaborative disposal, repair and review. We have also specified escalation processing mechanisms for employees to report suspicious activities.





During the year, the Group did not experience any major information security violations or data leakage incidents.

Intellectual Property Protection

Protection of Corporate Intellectual Property and Brand

Intellectual properties (“IPs”) are core assets of the Group. The Group strictly complies with relevant laws and regulations⁸, including the Copyright Law of the People’s Republic of China, the Trademark Law of the People’s Republic of China and the Patent Law of the People’s Republic of China, and has established IP management rules to continuously standardise and deepen its IP protection efforts.

The Group’s Legal Department is the department responsible for IP management, coordinating IP matters involved in commercial cooperation with internal and external parties, and formulating corresponding management systems and workflows for matters such as self-developed IP promotion, external IP linkage, and applications for trademarks, patents and copyrights.

⁸ For the list of relevant laws and regulations, please refer to the Appendix “Applicable Laws and Regulations”.



Self-developed IPs

- Signing Confidentiality and Intellectual Property Agreement and adopting relevant technical and management measures during the R&D process to maintain trade secrets and core creative achievements;
- At key stages such as project finalisation and public promotion, the Legal Department arranges for IP applications according to established standard procedures.



Externally Linked IPs

- When linking with existing external IPs, the Group introduces new game characters, new props, new activities, promotional images, animations and other content by signing agreements.



The Group continues to advance its IP layout during the R&D of overseas products and applies for and certifies design rights related to peripheral merchandise. As at 31 December 2025, the Group held a total of 169 trademarks, 115 software copyrights, 31 artistic copyrights, 8 other copyrights and 15 design patents.



External Recognition

During the year, the Group's R&D innovation capabilities and achievements were recognised by external institutions. Relevant awards and recognitions are as follows:

Honours and Awards	Awarding Authority
National Key Enterprise for Cultural Export in 2025–2026	Department of Trade in Services and Commercial Services, Ministry of Commerce of the People's Republic of China
High-tech Enterprise Certificate	Xiamen Municipal Bureau of Science and Technology, Xiamen Municipal Bureau of Finance, Xiamen Tax Service of State Taxation Administration and Fujian Xiamen Local Taxation Bureau
Ultra-Large Taxpayer with Over RMB10 Million in Tax Paid for 2024	People's Government of Siming District, Xiamen City
Major Taxpayer for 2024	People's Government of Siming District, Xiamen City
2025 Xiamen Key Software and Information Technology Service Enterprise	Bureau of Industry and Information Technology of Xiamen/Xiamen Municipal Bureau of Data Administration
Xiamen Qingyi Online Game R&D Centre	Xiamen Municipal Bureau of Science and Technology
Xiamen Qingci Online Game R&D Centre	Xiamen Municipal Bureau of Science and Technology
2025 Cyber Sousa Award – Xiamen Game Industry Contribution Award	Xiamen International Animation Festival
2025 Top 50 Private Enterprises for Technological Innovation in Xiamen	Xiamen Federation of Industry and Commerce
2025 Top 50 Enterprises in Fujian Province in Terms of Comprehensive Internet Strength (No. 28)	Internet Society of Fujian



Prevention of Infringement

For gaming enterprises, infringements such as piracy and unauthorised use of content not only damage the legitimate rights and interests of enterprises, but also affect player experience and brand reputation. Therefore, the Group has always adopted a zero-tolerance approach towards infringement. In terms of infringement risk management, the Group has strengthened the management of intellectual property-related content and documents, followed the principle of “no external distribution unless necessary”, and added watermarks when such content or documents are provided externally. At the same time, the Group maintains close cooperation with external professional IP protection and monitoring teams to proactively monitor infringing activities.

For illegal infringing activities, we fully collect evidence and formulate targeted rights protection plans, taking measures such as investigation and evidence collection, negotiation, and sending lawyer’s letters to promptly stop infringing acts. When necessary, we also report to public security organs for case filing, crack down on illegal infringing acts, and protect company rights.

As of 31 December 2025, we had handled a cumulative total of 3,346 infringement cases involving cracked versions, pirated software, and plug-ins.



EMPLOYEE CARE

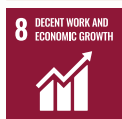


3.4 – By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.



5.1 – End all forms of discrimination against all women and girls everywhere.

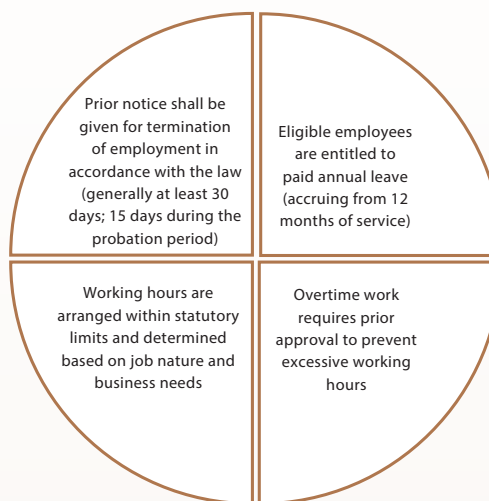
5.5 – Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.



8.5 – By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

8.8 – Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

The Group strictly adheres to relevant laws and regulations⁹, including the Labour Law of the People’s Republic of China and the Labour Contract Law of the People’s Republic of China. We have formulated the Employee Handbook to establish institutionalised norms governing working hours and overtime management, leave and benefits, as well as employee resignation and notice periods for dismissal. This policy covers all staff of Qingci Games, including full-time employees, part-time employees and labour dispatch personnel.



⁹ For the list of relevant laws and regulations, please refer to the Appendix “Applicable Laws and Regulations”.



Diversity and Inclusion

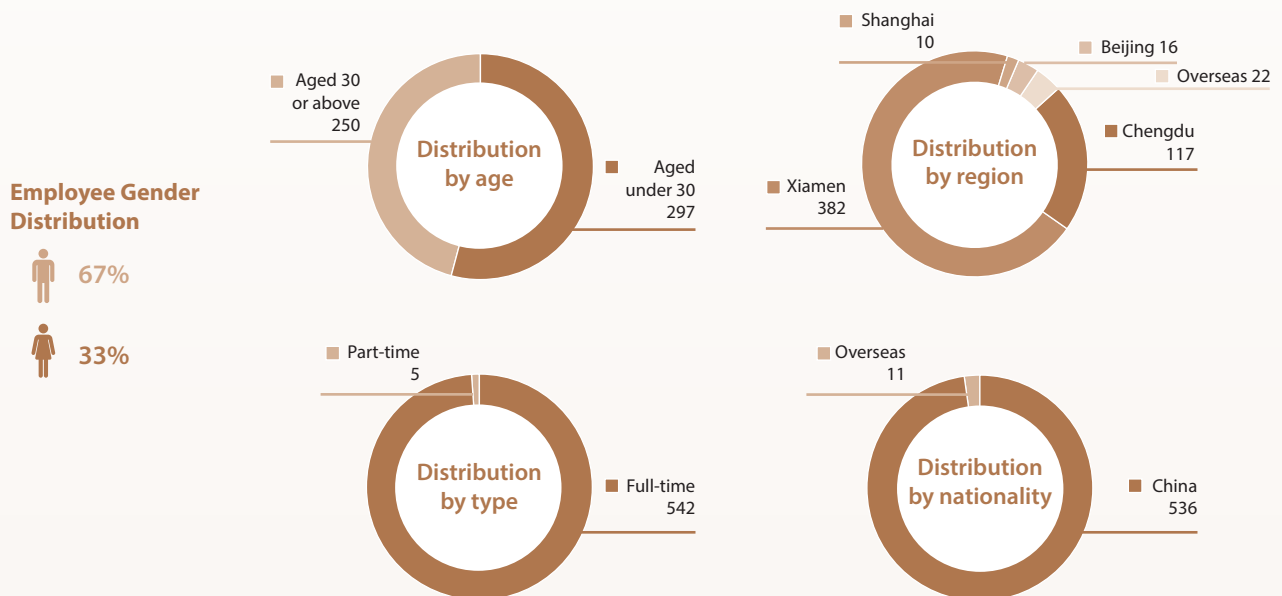
Talent Employment

Recruitment and Dismissal

The Group strictly regulates procedures relating to recruitment, termination of employment and other related matters. Upon joining the Group, all employees enter into labour contracts in accordance with the law, clearly setting out the rights, responsibilities and obligations of both parties to the employment relationship. The execution, amendment, cancellation and termination of employment contracts are required to strictly comply with applicable laws, regulations and internal policies. All employees have the right to terminate their employment relationship with the Group. The Group has established clear termination criteria and resignation procedures, and does not dismiss employees arbitrarily, so as to effectively safeguard the rights and interests of employees.

Talent Distribution

As at the end of the Reporting Period, the Group had a total of 547 employees. The breakdown of the workforce by gender, age, employment type and region is as follows:



During the Reporting Period, the average recruitment cost of newly hired employees, the employee turnover rate and the voluntary employee turnover rate of the Group are as follows. For details regarding the distribution of employees, the number of new hires, and the number of employee turnovers by category, please refer to the “Performance Data Summary” in the Appendix.



Average recruitment cost
per new employee

RMB 39,987



Employee turnover rate

30.92%



Voluntary employee turnover
rate

20.25%

Respect for Human Rights

Human Rights Policy

The Group has formulated a Human Rights Policy, committing at the corporate level to respect and uphold human rights. We conduct responsible business activities and manage business relationships in reference to internationally recognised human rights standards (such as the United Nations Guiding Principles on Business and Human Rights) to avoid causing or contributing to adverse human rights impacts. This policy applies to all operational activities of the Group (including employees, direct activities, and products or services) and extends to our suppliers and business partners.

The policy covers issues such as human trafficking and forced labour, the prohibition of child labour, freedom of association and collective bargaining, as well as anti-discrimination and equal treatment. It explicitly requires that all work must be voluntary; we do not use or support any form of forced labour, debt-bonded labour, indentured labour, slavery or human trafficking. We respect the rights of workers to join or not join organisations and to engage in collective bargaining in accordance with the law, and we consistently eliminate discriminatory practices. This policy has been implemented following approval by the Board of Directors.

Prohibition of Child and Forced Labour

The Group strictly adheres to relevant laws and regulations¹⁰, such as the Provisions on the Prohibition of Child Labour and the Law of the People’s Republic of China on the Protection of Minors, prohibiting the employment of child labour and eliminating any forced labour practices. During the recruitment process, we have established an age compliance screening mechanism, requiring applicants to provide valid identification documents. The Human Resources Department verifies this information to ensure that all recruits meet the minimum employment age prescribed by national regulations. If any suspected cases of child labour or forced labour are identified, the relevant work arrangements will be suspended immediately, the persons responsible will be dealt with in accordance with the relevant procedures, and management measures will be improved to reduce the risk of recurrence.

¹⁰ For the list of relevant laws and regulations, please refer to the Appendix “Applicable Laws and Regulations”.



Equality, Diversity and Anti-discrimination

The Group is committed to fostering a diverse, inclusive and mutually respectful workplace. The Group provides equal opportunities in recruitment, employment, training, promotion, and remuneration and benefits, and strictly prohibits any form of discrimination on the grounds of gender, race, ethnicity, colour, age, nationality, religious belief, health status, marital status or other such factors. At the same time, the Group maintains a “zero-tolerance” stance towards harassment in the workplace and in all work-related settings. If any such incident occurs, employees may report the matter to their supervisors, and the Group will promptly conduct investigations and follow-up actions and, depending on the circumstances, impose corrective or disciplinary measures. During the Reporting Period, no such cases were reported.

In our overseas offices, the Group also prioritises the recruitment of local employees to promote workforce diversity. Furthermore, the Group recruits and trains a number of fresh graduates, providing skills training related to the gaming industry for unemployed individuals and hiring those with outstanding performance to support social employment.

Supporting Women’s Career Development

As a gaming enterprise, the Group attaches great importance to the career development of female employees. We are dedicated to breaking industry biases and continuously improving a fair and supportive workplace environment, assisting female colleagues in leveraging their expertise while safeguarding their legitimate rights and interests in accordance with the law.



As at the end of the year, the Group employed a total of **180** female staff, including **12** at the management level. The male-to-female ratio of our employees stood at **2:1**.

Talent Development**Promotion System**

Taking into account the professional attributes and industry characteristics of different departments, the Group has established corresponding job grade standards and salary standards. The Group conducts annual job grade adjustments for employees who meet the promotion criteria. In addition, in order to incentivise employee performance, job grade promotions may be granted on an ad hoc basis according to employees’ day-to-day work performance and work completion, subject to review and approval by the Human Resources Department and department heads.



Employee Training

The Group attaches great importance to the personal growth and capability enhancement of our employees. We continuously provide diversified training and development opportunities for all staff, including full-process immersive induction training for new employees, job-specific skills training, information security-related training, etc. These initiatives assist employees in strengthening their professional competence and unleashing their work potential.

New Employee Induction

We regularly arrange training for newly recruited employees to help them quickly understand the Company and the industry, become familiar with the rules and regulations, and integrate into the team. The training adopts a combination of presentations and interactive activities, and questionnaires are collected upon completion of the training to continuously optimise the training content. At the same time, an Induction Guide is provided to new employees, covering practical information such as work preparation, daily information, administrative services and contact points, so as to help new employees smoothly adapt to the working environment.

① Get to Know the Company Company development history and industry overview Culture and values	→	② Familiarise Yourself with the Rules Explanation of rules and regulations Answers to frequently asked questions	→	③ Integrate into the Team Ice-breaking activities Accelerate adaptation and collaboration
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The Guide covers:

Work preparation
 Daily information (e.g. dining guide and daily rules)
 Administrative services (e.g. meeting room booking, parking space application, shuttle bus services and medicine collection)
 Points of contact (contact details of the persons in charge)



Executive Training

The Group continuously promotes executive training programmes. Through professional corporate training courses and management methodologies, we strengthen the strategic thinking, leadership, and management capabilities of our senior management to support the Group's business development and the implementation of strategic objectives.



Anti-Fraud Training

To enhance employees' awareness of information security and risk prevention, the Group conducts monthly anti-fraud awareness campaigns to help staff identify common fraudulent tactics. Training themes include investment scams, impersonation of judicial or law enforcement officers, concert ticket scams, phishing software, etc. We advocate the "Three Don'ts" principle: do not trust calls from strangers, do not click on suspicious links, and do not download unknown software.



During the Reporting Period, the employee training status of the Group is as follows, including the total number of employees trained, the average training hours per employee, and the percentage of employees trained during the year. For the breakdown of the percentage of employees trained and average training hours by category, please refer to the “Performance Data Summary” in the Appendix.



Total number of employees
trained during the year

159



Average training hours per
employee¹¹

2.3 hours



Percentage of
Employees trained

28.75%

Employee Well-being

Working Hours and Leave

The Group strictly complies with the relevant laws and regulations¹² in the places where it operates, and implements the standard working hour system and the comprehensive working hour system in accordance with the law to safeguard employees’ rest time. The Group encourages employees to allocate their work reasonably and complete their work tasks on time, with the required quality and quantity, records and manages its employees’ working hours through the attendance system, regularly reviewing working hours and overtime status. If employees are required to work overtime due to work needs, they must complete an overtime application form and obtain approval from their supervisors. For approved overtime work, the Group will pay overtime wages or arrange compensatory leave in accordance with the relevant regulations and the relevant provisions of the Employee Handbook.

In terms of paid leave, the Group’s employees are entitled to national statutory public holidays, statutory paid annual leave, personal leave, sick leave, marriage leave, and maternity-related leave (such as rest leave during early/late pregnancy, maternity leave, and breastfeeding leave), bereavement leave, and more. We also appropriately extend relevant leave periods to enhance employee well-being and happiness.

Remuneration and Benefits

The Group has established a fair and market-competitive remuneration system. Employee remuneration generally comprises basic salary, position-based allowances, performance bonuses, and year-end bonuses. We also contribute to social insurance and the housing provident fund for our employees as statutory benefits in accordance with the law. We regularly evaluate employee performance and provide opportunities for salary adjustments based on their work performance.

¹¹ Average training hours per employee = total training hours received during the year ÷ number of employees who actually participated in training during the year.

¹² For the list of relevant laws and regulations, please refer to the Appendix “Applicable Laws and Regulations”.



In terms of employee benefits, the Group provides support such as shuttle bus and catering services, and offers leisure facilities including pantries, gyms and massage chairs to meet employees' daily refreshment and rest needs. Furthermore, for employees who are unwell or need to care for family members in other locations, the Company also provides work-from-home arrangements to accommodate their personal needs.



Benefit Activities

In conjunction with traditional festivals, major international holidays, and corporate anniversaries, the Group organises employee activities and prepares festive welfare gifts annually. These initiatives are designed to convey our sincere care and best wishes to all staff members.



Festive Celebrations

We carefully planned a festive employee benefits programme and prepared themed gift boxes for traditional festivals such as the Chinese New Year, the Dragon Boat Festival and the Mid-Autumn Festival, while selecting gifts that align with the Company's culture. During the Mid-Autumn Festival in 2025, we specially organised the "Mid-Autumn Mooncake Dice Game" activity and offered surprise prizes. During the Chinese New Year, we also launched the "Lucky Red Envelope at Opening" activity, with a view to creating a warm and memorable festive atmosphere for employees.



Chinese New Year "Lucky Red Envelope at Opening" Activity



"Mid-Autumn Mooncake Dice Game" Activity

Regular Team-building Activities

In order to enhance employees' sense of belonging and support physical and mental relaxation, the Group has continued to plan and regularly organise team-building activities to promote collaboration through interactive exchange. During the year, the team of *The Marvelous Snail/SuperSnail* organised a series of outdoor team-building activities and the fifth anniversary celebration activities, further strengthening team cohesion.



The Marvelous Snail/SuperSnail Team-building Activities and the Fifth Anniversary Celebration Activities



International Women's Day Gifts

As a women-friendly enterprise that advocates gender equality, we prepare special gifts for female employees every year on International Women's Day. During the year, the Company distributed festive gifts to female employees on the day of the festival and arranged afternoon tea and desserts to express its blessings and recognition to female colleagues, enhance employees' sense of belonging and work engagement, and support the sustainable development of female talent.



International Women's Day Gifts

Employee Communication

The Group has established a comprehensive communication mechanism, grievance and complaint mechanism, as well as satisfaction survey and feedback mechanism, dedicated to enhancing employee engagement and sense of belonging. For new hires, we conduct regular interviews (at 1 month, 3 months, and 6 months of service) and satisfaction surveys to understand their evaluations regarding workplace adaptation, stress levels, well-being, sense of purpose, and overall satisfaction.

Furthermore, we conduct weekly satisfaction surveys regarding our overtime meal services to actively listen to the authentic voices of our employees. All survey results and employee suggestions serve as the basis for programme adjustments, further strengthening employee satisfaction and trust in the Company.

★★★

Percentage of employees with
high satisfaction

70%



Employee satisfaction survey
participation rate

75%



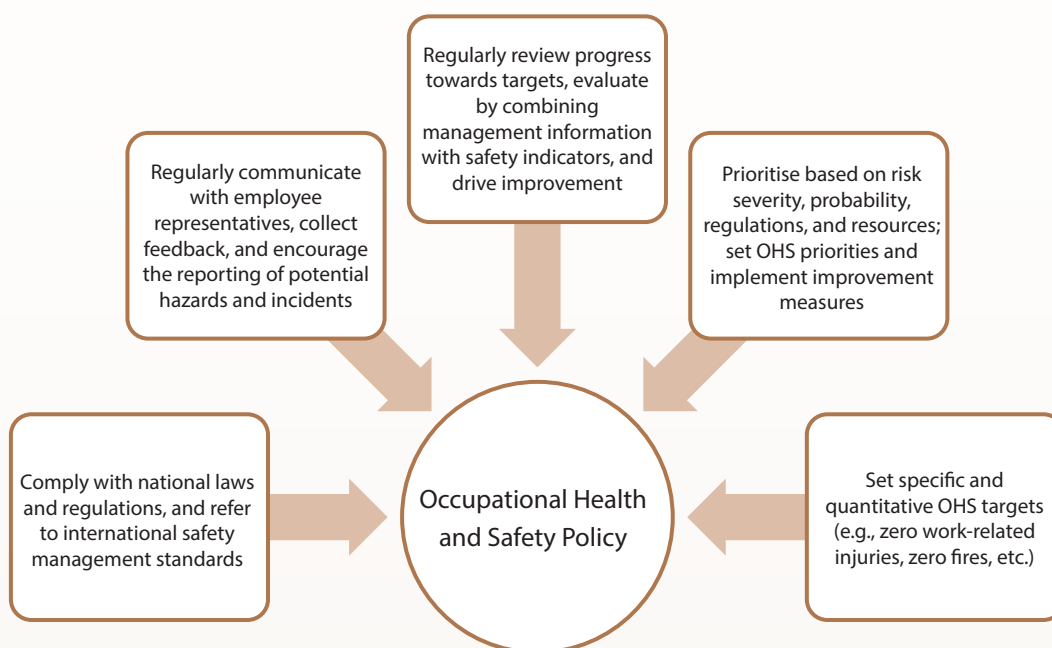
Health and Safety

Employee Absenteeism Rate



During the Reporting Period, the Group's employee absenteeism rate was 0.12%. The Group has set a target of 0.1% for employee absenteeism rate in FY2026.

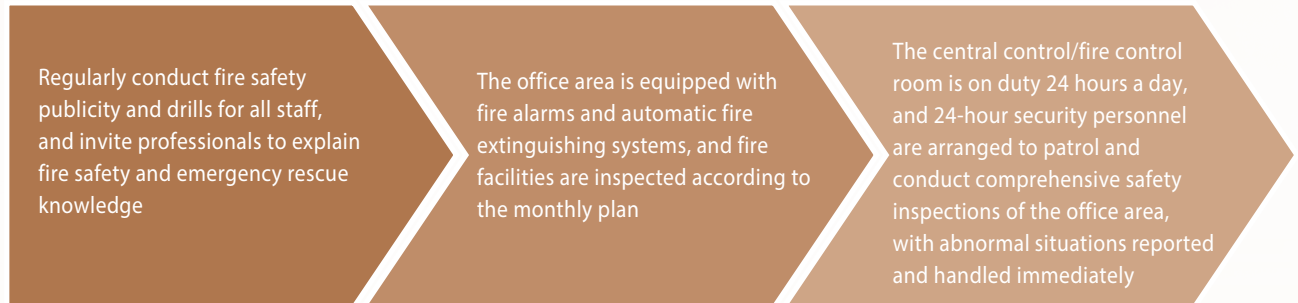
The Group strictly complies with relevant laws and regulations, including the Law of the People's Republic of China on Work Safety and the Fire Protection Law of the People's Republic of China, and has formulated the Occupational Health and Safety Policy. This policy applies to all employees of the Company and covers all workplaces and operational activities under the Company's control or supervision and is implemented upon approval by the Board of Directors. The policy sets out clear provisions regarding compliance with management standards, the setting of quantitative OHS (Occupational Health and Safety) targets, the prioritisation of actions, regular reviews and continuous improvement, as well as employee communication and participation.



The Group attaches importance to employees' physical and mental health and life care, and continues to promote work related to "Care for Employees" and "Heart-warming". Through measures such as visiting sick and hospitalised employees, the Group integrates care for employees' lives into its daily management, so as to enhance employee well-being and sense of belonging. In terms of health protection, the Group provides accident insurance for newly hired employees and arranges annual health check-ups. During periods of high influenza incidence, the Group also strengthens cleaning and disinfection in office areas, while at the same time reminding employees to take proper personal protective measures. If employees feel unwell during working hours, the Group provides commonly used medicines for free collection. In terms of mental health, the Group also provides necessary support. If employees experience psychological distress, the Group will assist in contacting professional mental health personnel to provide offline consultation services, helping them adjust their mindset and behavioural patterns and return to a normal work and life condition.



In addition, the Group continues to strengthen fire safety management through measures such as fire safety publicity and drills, facility inspections, and routine safety checks.



During the Reporting Period, the Group did not record any major work-related injuries or safety accidents, and no working days were lost due to work-related injuries. No work-related fatalities occurred in the past three years.



PUBLIC WELFARE



10.2 – By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic or other status.

10.3 – Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.



11.4 – Strengthen efforts to protect and safeguard the world's cultural and natural heritage.



17.16 – Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries

17.17 – Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

The Group has consistently upheld the corporate responsibility philosophy of “gratitude for the source of benefit and reward for the community”, remained attentive to the public interest, and fulfilled its corporate social responsibilities through concrete actions. Considering the characteristics of its business, the Group has organised and participated in a number of online and offline public welfare activities, focusing on areas such as childcare, support for underprivileged groups, environmental protection, the preservation of intangible cultural heritage and disaster relief, with a view to creating long-term positive social impact. In response to the national initiatives relating to the “Action to Promote Independent Entrepreneurship and Flexible Employment for Persons with Disabilities”, the Group launched the “Gongyi Jiangxin” public welfare project to support persons with disabilities.



Positive Energy of Games

Caring for Persons with Disabilities (Gongyi Jiangxin x *The Marvelous Snail/SuperSnail*)

During the Reporting Period, the Group promoted the “Gongyi Jiangxin” public welfare project. In collaboration with the Chengdu Qingbaijiang Community Development Foundation, the Group invited intangible cultural heritage dough sculpture artisans to provide dough sculpture skills training for persons with disabilities. With the assistance of enterprises supporting persons with disabilities, sales channels were also established to support flexible employment for persons with disabilities through monetising their works.

At the same time, the Group launched in-game public welfare activities and public welfare gift packs, using games as a vehicle to promote intangible cultural heritage and the concept of supporting persons with disabilities, and encouraging players to participate in public welfare activities, thereby jointly fostering a more inclusive society.



A total of **25,828** players purchased the “RMB 6 Limited” public welfare gift pack and participated in public welfare actions.

Employees' Participation

The Group encourages employees to participate in public welfare and volunteer services, with a view to enhancing employee cohesion and sense of social responsibility through practical actions, while continuously creating positive social impact. In addition to engaging in the research, development and design of in-game themed public welfare activities, employees also participated in initiatives such as caring for children in difficult circumstances, supporting underprivileged groups and disaster relief, including the donation of daily necessities to disaster-affected areas. During the Reporting Period, the Group completed a total of two public welfare projects, with cumulative volunteer service hours amounting to approximately 150 hours. Looking ahead, the Group will continue to organise employees to participate in diverse public welfare and volunteer activities, so as to contribute to the public good.



APPENDIX

Applicable Laws and Regulations

Topic	Applicable laws and regulations	Compliance status
Environment	- Environmental Protection Law of the People's Republic of China - Water Pollution Prevention and Control Law of the People's Republic of China - Regulations on Practising Thrift and Opposing Waste in Party and Government Bodies	During the year, the Group had no violations of applicable laws and regulations related to emissions of exhaust gases and greenhouse gases, discharge of water to land, generation of hazardous or non-hazardous waste and ecological environment which had a significant impact on the Group.
Employment	- Labour Law of the People's Republic of China - Labour Contract Law of the People's Republic of China	During the year, the Group did not identify any cases of non-compliance with applicable laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, anti-discrimination, and other benefits and welfare that had a significant impact on the Group.
Health and Safety	- Law of the People's Republic of China on Work Safety - Fire Protection Law of the People's Republic of China	During the year, the Group was not aware of any non-compliance with applicable laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that had a significant impact on the Group.
Labour Standards	- Provisions on the Prohibition of Child Labour - Law of the People's Republic of China on the Protection of Minors	During the year, the Group was not aware of any non-compliance with applicable laws and regulations relating to the prevention of child labour and forced labour that had a significant impact on the Group.



Topic	Applicable laws and regulations	Compliance status
Product Responsibility	- Advertising Law of the People's Republic of China - Interim Measures for the Administration of Internet Advertising - Administrative Measures for Internet Information Services - Measures for the Administration of Software Products of the People's Republic of China - Law of the People's Republic of China on the Protection of Consumer Rights and Interests - Cybersecurity Law of the People's Republic of China - Data Security Law of the People's Republic of China - Personal Information Protection Law of the People's Republic of China - Copyright Law of the People's Republic of China - Trademark Law of the People's Republic of China - Patent Law of the People's Republic of China	During the year, the Group did not identify any non-compliance with applicable laws and regulations relating to the health and safety, advertising, labelling, and privacy of products and services that had a significant impact on the Group. Furthermore, the Group's business activities during the year did not involve any products subject to recalls for safety and health reasons.
Anti-corruption	- Anti-monopoly Law of the People's Republic of China - Anti-unfair Competition Law of the People's Republic of China - Interim Provisions on the Prohibition of Commercial Bribery	During the year, the Group did not identify any non-compliance with applicable laws and regulations relating to the prevention of bribery, extortion, fraud, and money laundering that had a significant impact on the Group.



Performance Data Summary

Environment

Environmental Performance Indicators	Unit	2025	2024 ¹⁴
Resource consumption			
Total Energy Consumption	MWh	947.54	972.22
Total direct energy consumption	MWh	120.59	127.97
Gasoline	MWh	120.59	127.97
Total indirect energy consumption	MWh	826.95	844.25
Purchased electricity	MWh	826.95	844.25
Energy consumption intensity	MWh/person	1.73	1.63
Total Water Consumption	tonnes	7,715	7,079
Water consumption intensity	tonnes/person	14.10	11.84
Emissions			
Air Pollutants			
Air pollutants			
Sulphur oxides (SO _x)	kg	0.20	0.21
Nitrogen oxides (NO _x)	kg	8.41	8.77
Particulate matter (PM)	kg	0.62	0.65
Waste			
Volume of non-hazardous waste	tonnes	N/A¹³	128.04
Intensity of non-hazardous waste	tonnes/person	N/A	0.21
Total hazardous waste	tonnes	0.009	N/A
Total hazardous waste intensity	kg/person	0.017	N/A
Wastewater			
Total wastewater	tonnes	6,480.60	5,975.45
Greenhouse Gas Emissions			
Total Greenhouse Gas Emissions (Location-based)	tCO₂e	474.85	484.31
Scope1: direct GHG emissions	tCO₂e	36.07	31.29
Scope2: indirect GHG emissions			
Location-based	tCO ₂ e	438.78	453.02
Market-based	tCO ₂ e	504.11	494.39
GHG emissions intensity (Location-based)	tCO₂e/person	0.87	0.81

¹³ As complete data on non-hazardous waste disposal could not be obtained for the current year, the disposal volume and intensity of non-hazardous waste for the current year have not been disclosed for the time being.

¹⁴ As complete data on hazardous waste could not be obtained for the year 2024, the relevant total volume and intensity have not been disclosed for the time being. To ensure consistency with the reporting approach adopted for the current year, the relevant comparative intensity indicators for 2024 have been updated with reference to the advice of the newly appointed external consultant and following a review of the calculation methodology. See the Appendix – Performance Data Summary for details.



Employees

Indicators	Unit	2025
Employee Profile		
Total Employees	headcount	547
By gender		
Male	headcount	367
Female	headcount	180
By employee category		
Senior management	headcount	7
Middle management	headcount	53
General staff	headcount	487
By age		
Under 30	headcount	297
Over 30	headcount	250
By employee type		
Full-time	headcount	542
Part-time	headcount	5
By function		
R&D department	headcount	278
Operations department	headcount	219
General and admin department	headcount	50
By geographical region		
Chengdu	headcount	117
Xiamen	headcount	382
Shanghai	headcount	10
Beijing	headcount	16
Overseas	headcount	22
By nationality		
Chinese	headcount	536
Overseas	headcount	11



Indicators	Unit	2025
Overview of Female Employees		
By function		
Management (Junior, Middle, Top)	headcount	12
Other	headcount	168
Overview of Newly Hired Employees		
Total Newly Hired Employees	headcount	161
By gender		
Male	headcount	88
Female	headcount	73
By age		
Under 30	headcount	125
Over 30	headcount	36
Average Recruitment Cost per Newly Hired Employee	RMB	39,987
Employee Turnover Overview		
Employee Turnover Rate	%	30.92%
By gender		
Male	%	26.63%
Female	%	39.46%
By age		
Under 30	%	42.12%
Over 30	%	18.39%
Voluntary Turnover Rate	%	20.25%
By gender		
Male	%	17.39%
Female	%	25.95%
By age		
Under 30	%	28.42%
Over 30	%	11.11%



Indicators	Unit	2025
Training and Development		
<i>Percentage of Trained Employees</i>	%	28.75%
By gender		
Male	%	23.64%
Female	%	38.92%
By employee category		
Senior management	%	0.00%
Middle management	%	1.89%
General staff	%	32.05%
<i>Total Training Hours</i>	hours	365.75
<i>Average Training Hours</i>	hours	2.30
By gender		
Male	hours	1.04
Female	hours	3.83
By age		
Under 30	hours	2.42
Over 30	hours	1.85
By function		
R&D department	hours	0.51
Operations department	hours	4.34
General and admin department	hours	0.71
Occupational Health and Safety		
<i>Work-related Injury Data</i>		
Number of work-related fatalities	number	0
Rate of work-related fatalities	%	0%
Lost days due to work-related injuries	days	0
<i>Absence Data</i>		
Total absence days	days	171
Absence rate	%	0.12%



Content Index

Content Index of the ESG Reporting Code of the Stock Exchange

Mandatory Disclosure Requirements	Requirements of the ESG Reporting Code	Section/Remarks
Governance Structure	A statement from the board containing the following: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG Governance and Strategy
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: (i) Materiality: Identifying through essential interaction the issues that are deemed by different stakeholder groups to have a significant impact on sustainable development; (ii) Quantitative: Data are presented in a way that facilitates year-on-year comparisons of performance. The summary of performance data sets out the standards used for calculating environmental KPIs; (iii) Balance: Transparency is a key consideration; the report provides information on both positive and negative impacts; and (iv) Consistency: Ensuring consistency and comparability of data through the use of appropriate statistical methods.	About This Report – Reporting Principles
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and the reason for the change.	About This Report – Reporting Scope



General Disclosures and KPIs	Requirements of the ESG Reporting Code	Section/Remarks
A. Environmental		
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 air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Operations Appendix – Applicable Laws and Regulations
KPI A1.1	The types of emissions and respective emissions data.	Green Operations – Emissions Management Appendix – Performance data summary
KPI A1.2	Total hazardous waste produced and intensity.	Not applicable
KPI A1.3	Total non-hazardous waste produced and intensity.	Green Operations – Emissions Management Appendix – Performance data summary
KPI A1.4	Description of emissions target(s) set and steps taken to achieve them.	Green Operations
KPI A1.5	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Operations
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operations
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Green Operations – Responding to Climate Change Appendix – Performance data summary
KPI A2.2	Water consumption in total and intensity.	Green Operations – Water Resource Management Appendix – Performance data summary



General		
Disclosures and KPIs	Requirements of the ESG Reporting Code	Section/Remarks
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operations
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.	Green Operations – Water Resource Management
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	Not applicable
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Not applicable
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not applicable
B. Social		
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.	Employee Care – Diversity and Inclusion Appendix – Applicable Laws and Regulations
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employee Care – Diversity and Inclusion Appendix – Performance Data Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Care – Diversity and Inclusion Appendix – Performance Data Summary



General Disclosures and KPIs	Requirements of the ESG Reporting Code	Section/Remarks
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.	Employee Care – Health and Safety Appendix – Applicable Laws and Regulations
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employee Care – Health and Safety Appendix – Performance Data Summary
KPI B2.2	Lost days due to work injury.	Employee Care – Health and Safety Appendix – Performance Data Summary
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Care – Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Care – Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix – Performance Data Summary
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix – Performance Data Summary
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employee Care – Diversity and Inclusion – Respect for Human Rights Appendix – Applicable Laws and Regulations
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Care – Diversity and Inclusion – Respect for Human Rights
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Care – Diversity and Inclusion – Respect for Human Rights



General Disclosures and KPIs	Requirements of the ESG Reporting Code	Section/Remarks
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Operations – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Responsible Operations – Supply Chain Management Appendix – Performance Data Summary
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.	Responsible Operations – Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Operations – Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Operations – Supply Chain Management
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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Responsible Operations – Product Responsibility Appendix – Applicable Laws and Regulations
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Appendix – Applicable Laws and Regulations
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Responsible Operations – Product Responsibility – Excellent Service and Customer Relations
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Responsible Operations – Product Responsibility – Intellectual Property Protection



General Disclosures and KPIs	Requirements of the ESG Reporting Code	Section/Remarks
KPI B6.4	Description of quality assurance process and recall procedures.	Responsible Operations – Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Responsible Operations – Product Responsibility – Information Security and 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 bribery, extortion, fraud and money laundering.	Responsible Operations – Business Ethics Appendix – Applicable Laws and Regulations
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.	Responsible Operations – Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Responsible Operations – Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Responsible Operations – Business Ethics
Aspect 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.	Public Welfare
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Public Welfare
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Public Welfare



Content Index of IFRS S2 Climate-related Disclosures

Disclosure Description	Section/Remarks
Governance	
5 The objective of climate-related financial disclosures on governance is to enable users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage climate-related risks and opportunities.	
6(a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about:	
(i) how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);	Green Operations – Responding to Climate Change – Governance
(ii) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	Green Operations – Responding to Climate Change – Governance
(iii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	Green Operations – Responding to Climate Change – Governance
(iv) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and	Green Operations – Responding to Climate Change The Group will progressively incorporate the results of climate-related risk assessments and scenario analysis into its long-term strategic planning, annual operating plans, and major investment/transaction decision-making processes. We will comprehensively consider factors such as energy costs, compliance requirements, operational resilience, and reputational impact during decision-making, while evaluating the trade-offs between climate-related risks and opportunities to enhance the consistency and transparency of our decisions.
(v) how the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets (see paragraphs 33–36), including whether and how related performance metrics are included in remuneration policies (see paragraph 29(g)).	Green Operations – Responding to Climate Change – Governance
6(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	Green Operations – Responding to Climate Change – Governance



Disclosure Description	Section/Remarks
(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	Green Operations – Responding to Climate Change – Governance
(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Green Operations – Responding to Climate Change – Risk Management
Strategy 8 The objective of climate-related financial disclosures on strategy is to enable users of general purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities.	
9(a) the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects (see paragraphs 10–12);	Green Operations – Responding to Climate Change – Strategy
9(b) the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain (see paragraph 13);	Green Operations – Responding to Climate Change – Strategy
9(c) the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan (see paragraph 14);	Green Operations – Responding to Climate Change – Strategy Based on the results of climate-related risk and opportunity assessments, the Group has formulated corresponding management measures. We will progressively refine and improve the content and roadmap of our climate transition plan in conjunction with the progress of relevant work. Updates on such progress will be disclosed in subsequent reports as appropriate.
9(d) the effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning (see paragraphs 15–21); and	Green Operations – Responding to Climate Change – Strategy The Group has conducted a preliminary qualitative analysis of the potential impacts of climate-related risks and opportunities on its operations and cost structure (e.g., potential increases or decreases in operating costs). However, due to limitations in financial quantification models, data availability, and maturity, comprehensive quantitative disclosure of the specific financial impacts over the short, medium, and long term has not yet been provided. The Group will continue to refine its data and analytical methodologies and gradually enhance the level of disclosure as conditions mature.



Disclosure Description	Section/Remarks
9(e) the climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities (see paragraph 22).	Green Operations – Responding to Climate Change – Strategy
Climate-related risks and opportunities	
10 An entity shall disclose information that enables users of general purpose financial reports to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Specifically, the entity shall:	
10(a) describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;	Green Operations – Responding to Climate Change – Strategy
10(b) explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk;	Green Operations – Responding to Climate Change – Strategy
10(c) specify, for each climate-related risk and opportunity the entity has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	Green Operations – Responding to Climate Change – Strategy
10(d) explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	Green Operations – Responding to Climate Change – Strategy As the application of scenario analysis deepens, the Group will continue to optimise the alignment between time horizons and internal planning cycles to more effectively support strategic decision-making.
Business model and value chain	
13 An entity shall disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain. Specifically, the entity shall disclose:	
13(a) a description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain; and	Green Operations – Responding to Climate Change – Strategy
13(b) a description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Green Operations – Responding to Climate Change – Strategy



Disclosure Description	Section/Remarks
Strategy and decision-making	
14 An entity shall disclose information that enables users of general purpose financial reporting to understand the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose:	
14(a) information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the entity shall disclose information about:	Green Operations – Responding to Climate Change
(i) current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities;	Green Operations – Responding to Climate Change
(ii) current and anticipated direct mitigation and adaptation efforts;	
(iii) current and anticipated indirect mitigation and adaptation efforts;	
(iv) any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies; and	Based on the results of climate-related risk and opportunity assessments, the Group has formulated corresponding management measures. We will progressively refine and improve the content and roadmap of our climate transition plan in conjunction with the progress of relevant work. Updates on such progress will be disclosed in subsequent reports as appropriate.
(v) how the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets, described in accordance with paragraphs 33–36.	Green Operations – Responding to Climate Change
14(b) information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a).	Green Operations – Responding to Climate Change
14(c) quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a).	Green Operations – Responding to Climate Change



Disclosure Description	Section/Remarks
Financial position, financial performance and cash flows	
15 An entity shall disclose information that enables users of general purpose financial reports to understand:	
15(a) the effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects); and	Green Operations – Responding to Climate Change The Group has conducted a preliminary qualitative assessment of the potential impacts of climate-related risks and opportunities on its financial position, financial performance and cash flows; however, a comprehensive quantitative climate financial analysis model has not yet been established. To enhance analytical capabilities and data management, the Group is progressively optimising relevant processes to support more comprehensive climate financial analysis in the future. Based on currently available information and existing assessment results, the Group has not identified any climate-related factors that would result in material adjustments to the carrying amounts of assets or liabilities in the financial statements for the next financial year. Going forward, the Group will gradually enhance and update relevant quantitative disclosures as data and model maturity improve.
15(b) the anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).	
16 Specifically, an entity shall disclose quantitative and qualitative information about:	
16(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;	
16(b) the climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;	
16(c) how the entity expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	
(i) its investment and disposal plans, including plans the entity is not contractually committed to; and	
(ii) its planned sources of funding to implement its strategy; and	
16(d) how the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	



Disclosure Description	Section/Remarks
Climate resilience 22 An entity shall disclose information that enables users of general purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances. In providing quantitative information, the entity may disclose a single amount or a range. Specifically, the entity shall disclose:	
22(a) the entity's assessment of its climate resilience as at the reporting date, which shall enable users of general purpose financial reports to understand:	Green Operations – Responding to Climate Change – Strategy
(i) the implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;	In conducting climate scenario analysis and resilience assessments, the primary uncertainties faced by the Group include: the degree of future tightening of climate and environmental policies; the frequency and intensity of extreme weather events; trends in customer demand for low-carbon products and services; and the pace of relevant technological developments. Currently, the Group primarily incorporates these factors into its analysis through qualitative means and has not yet performed quantitative sensitivity testing for individual uncertainties.
(ii) the significant areas of uncertainty considered in the entity's assessment of its analysis of climate resilience;	
(iii) the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term, including:	
(1) the availability of, and flexibility in, the entity's existing financial resources to respond to the effects identified in the climate-related scenario analysis, including to address climate-related risks and to take advantage of climate-related opportunities;	
(2) the entity's ability to redeploy, repurpose, upgrade or decommission existing assets; and	The Group has allocated budgets to support energy-saving and emission-reduction measures, and continues to qualitatively assess and enhance its capacity to manage climate risks. However, at this stage, a framework covering the short, medium, and long term that can systematically evaluate financial resilience, asset allocation adjustments, and the impact of climate-related investments has not yet been established; hence, relevant disclosures remain predominantly qualitative. In the process of continuously reviewing climate risk management and investment arrangements, the Group will gradually optimise its resilience assessment methodologies and enhance disclosures based on practical requirements.
(3) the effect of the entity's current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience; and	



Disclosure Description	Section/Remarks
22(b) how and when the climate-related scenario analysis was carried out, including:	Green Operations – Responding to Climate Change – Strategy
(i) information about the inputs the entity used, including:	
(1) which climate-related scenarios the entity used for the analysis and the sources of those scenarios;	
(2) whether the analysis included a diverse range of climate-related scenarios;	
(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;	
(4) whether the entity used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;	
(5) why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;	
(6) the time horizons the entity used in the analysis; and	
(7) what scope of operations the entity used in the analysis.	
(ii) the key assumptions the entity made in the analysis, including assumptions about:	
(1) climate-related policies in the jurisdictions in which the entity operates;	
(2) macroeconomic trends;	
(3) national- or regional-level variables;	
(4) energy usage and mix; and	
(5) developments in technology; and	
(iii) the reporting period in which the climate-related scenario analysis was carried out.	



Disclosure Description	Section/Remarks
Risk management 24 The objective of climate-related financial disclosures on risk management is to enable users of general purpose financial reports to understand an entity's processes to identify, assess, prioritize and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process.	
25 To achieve this objective, an entity shall disclose information about:	Green Operations – Responding to Climate Change – Risk Management
25(a) the processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about:	
(i) the inputs and parameters the entity uses;	
(ii) whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks;	
(iii) how the entity assesses the nature, likelihood and magnitude of the effects of those risks;	
(iv) whether and how the entity prioritises climate-related risks relative to other types of risk;	
(v) how the entity monitors climate-related risks; and	
(vi) whether and how the entity has changed the processes it uses compared with the previous reporting period;	
25(b) the processes the entity uses to identify, assess, prioritize and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and	Green Operations – Responding to Climate Change – Risk Management
25(c) the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	Green Operations – Responding to Climate Change – Risk Management



Disclosure Description		Section/Remarks
Metrics and targets		
27	The objective of climate-related financial disclosures on metrics and targets is to enable users of general purpose financial reports to understand an entity’s performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.	
28	To achieve this objective, an entity shall disclose:	Green Operations – Responding to Climate Change – Metrics and Targets
28(a)	information relevant to the cross-industry metric categories (see paragraphs 29–31);	
28(b)	industry-based metrics that are associated with particular business models, activities or other common features that characterise participation in an industry (see paragraph 32); and	
28(c)	targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets (see paragraphs 33–37).	
Climate-related metrics		
29	An entity shall disclose information relevant to the cross-industry metric categories of:	
29(a)	greenhouse gas emissions – the entity shall disclose:	Green Operations – Responding to Climate Change – Metrics and Targets
(i)	disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO ₂ equivalent, classified as:	
(1)	Scope 1 greenhouse gas emissions;	Appendix – Performance Data Summary This report has disclosed Scope 1 and Scope 2 emissions and will progressively consider the disclosure of Scope 3 emissions.
(2)	Scope 2 greenhouse gas emissions; and	
(3)	Scope 3 greenhouse gas emissions;	



Disclosure Description	Section/Remarks
(iii) disclose the approach it uses to measure its greenhouse gas emissions including: (1) the measurement approach, inputs and assumptions the entity uses to measure its greenhouse gas emissions; (2) the reason why the entity has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (3) any changes the entity made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	Green Operations – Responding to Climate Change – Metrics and Targets
(iv) for Scope 1 and Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(1)-(2), disaggregate emissions between: (1) the consolidated accounting group; and (2) other investees excluded from paragraph 29(a)(iv)(1);	The Group has not yet disaggregated Scope 1 and 2 emissions for the consolidated accounting group and other investees; the feasibility of doing so will be explored in future reports.
(v) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(2), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 greenhouse gas emissions; and	Green Operations – Responding to Climate Change – Metrics and Targets During the reporting period, the Group has not utilised Renewable Energy Certificates (RECs), green electricity contracts, or other contractual instruments to adjust its Scope 2 emissions.
(vi) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(3), disclose: (1) the categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and (2) additional information about the entity's Category 15 greenhouse gas emissions or those associated with its investments (financed emissions), if the entity's activities include asset management, commercial banking or insurance.	This report has disclosed Scope 1 and Scope 2 emissions and will progressively consider the disclosure of Scope 3 emissions.



Disclosure Description	Section/Remarks
29(b) climate-related transition risks – the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Due to current limitations in internal resources and data systems, the Group is not yet able to provide quantitative disclosures on the amounts and proportions of assets/business activities that are vulnerable to climate-related transition and physical risks, or associated with climate-related opportunities, and the capital expenditures, financing or investment amounts arising from climate-related risks and opportunities. At this stage, the relevant information is disclosed on a qualitative basis only.
29(c) climate-related physical risks – the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	
29(d) climate-related opportunities – the amount and percentage of assets or business activities aligned with climate-related opportunities.	
29(e) capital deployment – the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	In addition, the Group has not formally adopted internal carbon pricing in its decision-making processes, and therefore no relevant data was available for disclosure during the reporting period. Going forward, the Group will, subject to resource allocation and the progress of system enhancements, gradually establish the data infrastructure and improve the completeness of its disclosures.
29(f) internal carbon prices – the entity shall disclose:	
(i) an explanation of whether and how the entity is applying a carbon price in decision-making; and	
(ii) the price for each metric tonne of greenhouse gas emissions that the entity uses to assess the costs of its greenhouse gas emissions.	The Group has not yet formally incorporated specific climate-related performance metrics into the remuneration policies for senior management. In the future, the Group will, when reviewing its performance indicators and remuneration policies, assess the feasibility of further integrating climate-related performance considerations into remuneration and providing quantitative disclosures.
29(g) remuneration – the entity shall disclose:	
(i) a description of whether and how climate-related considerations are factored into executive remuneration; and	
(ii) the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations.	



Disclosure Description	Section/Remarks
Climate-related targets	
33 An entity shall disclose the quantitative and qualitative 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. For each target, the entity shall disclose:	
33(a) the metric used to set the target;	Green Operations The Group has disclosed its five-year target for greenhouse gas emission intensity (tCO₂e per person) with 2024 as the base year, and has provided details on the indicator definition, reporting scope (covering Scope 1 and Scope 2), target period, and base period, as well as the monitoring of progress via annual accounting. At this stage, the Group has not yet provided full disclosure regarding the setting of interim milestones, third-party verification, linkage with remuneration policies, or a more comprehensive analysis of financial impacts; these elements will be progressively refined and improved as data and management mechanisms mature.
33(b) the objective of the target;	
33(c) the part of the entity to which the target applies;	
33(d) the period over which the target applies;	
33(e) the base period from which progress is measured;	
33(f) any milestones and interim targets;	
33(g) if the target is quantitative, whether it is an absolute target or an intensity target; and	
33(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	
34 An entity shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	
34(a) whether the target and the methodology for setting the target has been validated by a third party;	
34(b) the entity's processes for reviewing the target;	
34(c) the metrics used to monitor progress towards reaching the target; and	
34(d) any revisions to the target and an explanation for those revisions.	
35 An entity shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the entity's performance.	
36 For each greenhouse gas emissions target disclosed in accordance with paragraphs 33–35, an entity shall disclose:	
36(a) which greenhouse gases are covered by the target.	
36(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target.	



Disclosure Description	Section/Remarks
36(c) whether the target is a gross greenhouse gas emissions target or net greenhouse gas emissions target. If the entity discloses a net greenhouse gas emissions target, the entity is also required to separately disclose its associated gross greenhouse gas emissions target.	
36(d) whether the target was derived using a sectoral decarbonisation approach.	
36(e) the entity's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits the entity shall disclose information including:	During the Reporting Period, the Group did not utilise carbon credits to offset its carbon emissions. The Group is committed to taking actions to achieve its environmental targets to reduce carbon emissions.
(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	
(ii) which third-party scheme(s) will verify or certify the carbon credits;	
(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	
(iv) any other factors necessary for users of general purpose financial reports to understand the credibility and integrity of the carbon credits the entity plans to use.	



Corporate Governance Report

The Board of Directors is pleased to present to the Shareholders the corporate governance report for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules and the Company has adopted the CG Code as its own code of corporate governance. The Board is of the view that the Company has complied with all code provisions as set out in part 2 of the CG Code for the Reporting Period. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

BOARD OF DIRECTORS

Responsibilities

The fundamental responsibility of the Board of Directors (the "**Board**") is to exercise its best judgment and to act in the best interests of the Company and its Shareholders. The Board establishes the Company's purpose, values and strategy, and ensures that these align with the Company's culture. The Board is formally responsible for overseeing all major matters of the Company, including the formulation and approval of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors, monitoring the performance of the senior management team (the "**Senior Management**") and other significant financial and operational matters.

All Directors at all times lead by example and carry out duties in good faith and with integrity, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders. They promote the desired corporate culture, which will instill and continually reinforce the Company's values of acting lawfully, ethically and responsibly. The Board conducts a regular evaluation of its performance.

The daily management, administration and operation of the Company are formally delegated to the Senior Management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the Senior Management on the Company's behalf. The Senior Management reports to the Board on a regular basis and communicates with the Board whenever required.

All Directors clearly understand the delegation arrangements in place. The Company will review the delegation arrangements periodically to ensure that they remain appropriate to the Company's needs.

During the Reporting Period, the Company held four Board meetings and one general meeting and all members of the Board attended the four Board meetings and one general meeting.



Board Composition

Executive Directors

Mr. Yang Xu (*Chairman of the Board and President*)
 Mr. Huang Zhiqiang (*Chief Executive Officer*)
 Mr. Liu Siming (*Chief Financial Officer*)
 Mr. Zeng Xiangshuo (*Chief Operating Officer*)

Independent Non-executive Directors

Professor Lam Sing Kwong Simon
 Mr. Yuan Yuan
 Ms. Fang Weijin

There is no financial, business, family or other material/relevant relationship between any members of the Board. The biographies of the Directors are set out under the section headed “Biographies of Directors and Senior Management” in this annual report. The division of responsibilities between the Chairman and Chief Executive Officer is clearly established and set out in writing.

In order to take advantage of the skills, experiences and diversity of perspectives of the Directors and in order to ensure that the Directors give sufficient time and attention to the Group’s affairs, we request each of the Directors to disclose to the Company, the number and nature of offices held in public companies or organisations and other significant commitments, together with the identity of such public companies or organisations and the time involved in such commitments.

During the Reporting Period, the Board has at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, with (1) the appointment of at least three independent non-executive Directors who represent at least one-third of the Board and (2) at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. The Company has received written annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has conducted an annual review and considers that all independent non-executive Directors are independent, taking into account the independence guidelines set out in Rule 3.13 of the Listing Rules in the context of the length of service of each independent non-executive Director. The Board believes that the balance between the executive Directors and the independent non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the Shareholders and the Group.

As part of the Company’s corporate governance practice to provide transparency to the investor community and in compliance with the Listing Rules and the CG Code, the independent non-executive Directors are clearly identified in all corporate communications containing the names of the Directors. In addition, an up-to-date list of Directors identifying the independent non-executive Directors and the roles and functions of the Directors is maintained on the Company’s website and the Stock Exchange’s website.



Board Leadership

Our Chairman, Mr. Yang Xu, provides leadership for the Board to work effectively and perform its responsibilities. He is also responsible for drawing up and approving the agenda for Board meetings. Mr. Yang also ensures that all Directors are properly briefed on issues arising at Board meetings, and works with Senior Management to provide adequate, accurate, clear, complete and reliable information to members of the Board in a timely manner.

The Chairman, together with the Board, acts in the Company's best interests through encouraging all Directors to make a full and active contribution to the Board's affairs and encouraging Directors with different views to voice their concerns. The Chairman also allows sufficient time for discussion of issues. Lastly, he promotes a culture of openness and debate by facilitating the effective contribution of the independent non-executive Directors.

Appointment and Re-election of Directors

Pursuant to Article 16.19 of the Company's Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Pursuant to Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Each of the executive Directors has entered into a service contract with the Company, under which he agreed to act as executive Director for an initial term of three years or until the third annual general meeting of the Company since the Listing (whichever is sooner and subject to automatic renewal upon approval of re-appointment of the Director by the Shareholders in annual general meetings of the Company), subject to the Articles of Association and the Listing Rules, which may be terminated by not less than three months' notice in writing served by either the executive Director or the Company. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Except for Mr. Yuan Yuan, each of the independent non-executive Directors is appointed for an initial term of three years or until the third annual general meeting of the Company since the Listing (whichever is sooner and subject to automatic renewal upon approval of re-appointment of the Director by the Shareholders in annual general meetings of the Company). Mr. Yuan has signed an appointment letter with us for a term of three years commencing from October 17, 2023. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee. The Company does not grant equity-based remuneration (e.g., share options or grants) with performance-related elements to independent non-executive Directors to avoid bias in their decision-making and compromising their objectivity and independence. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association.



Independent Non-executive Directors

The independent non-executive Directors play a significant role in the Board and the development of the Company's strategy and policies by virtue of their independent judgment and constructive and informed views, which carry significant weight in the Board's decision. The functions of independent non-executive Directors include (i) bringing an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, (ii) taking the lead where potential conflicts of interests arise, (iii) scrutinising the Company's performance in achieving agreed corporate goals and objectives and (iv) monitoring performance reporting.

On March 26, 2026, a Board meeting was convened to consider and approve, among other things, the consolidated financial statements in this annual report. All independent non-executive Directors have attended and participated in the Board meeting and drawn on their skills, expertise and varied backgrounds and qualifications.

Directors' Training and Professional Development

Every newly appointed Director has been given a comprehensive, formal and tailored induction upon their appointment. The Company will continue to arrange and fund continuous professional training to provide the Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates and briefings on the Company's operations, performance, position and prospects. These measures ensure that (i) the Directors have a proper understanding of the Company's operations and business, (ii) the Directors are fully aware of their responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies and (iii) the Directors' contribution to the Board remains informed and relevant.

During the Reporting Period, the Company organised internal training sessions for the Directors, and sent reading material on relevant topics to Directors for their reference and studying, including reading materials in relation to legal and regulatory updates. The training sessions covered a wide range of relevant topics including but not limited to new regulations and practices related to ESG, and the amendments of the Listing Rules.

The Directors informed the Company that they had received sufficient and relevant training and continuous professional development during the Reporting Period.



Records of training received by the Directors for the Reporting Period are summarized as follows:

Director	Participation in continuous professional development ¹
Mr. Yang Xu	✓
Mr. Huang Zhiqiang	✓
Mr. Liu Siming	✓
Mr. Zeng Xiangshuo	✓
Professor Lam Sing Kwong Simon	✓
Mr. Yuan Yuan	✓
Ms. Fang Weijin	✓

Note:

1. Attended training/seminar/conference arranged by the Company or other external parties or read legal and regulatory updates and other reference materials relating to, among others, Directors' duties and responsibilities, corporate governance and Listing Rules requirements.

DIVERSITY

Board Diversity Policy

We have adopted a diversity policy of the Board (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board.

A summary of the Board Diversity Policy is set out as follows:

Policy Statement

The Company recognizes the benefits of having a diverse Board, and views an appropriate range and balance of talents, skills, experience and diversity of perspectives at the Board level as a business imperative that will help the Company achieve its strategic objectives and maintain a competitive advantage.



Measurable Objectives

Pursuant to the Board Diversity Policy, we seek to achieve diversity of our Board through the consideration of a number of factors when selecting candidates to our Board, including but not limited to professional experience, talent, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. All appointments of the members of the Board should be made on merit.

Our Nomination Committee will review and assess the composition of the Board and make recommendations to the Board on the appointment of members of the Board.

Monitoring, Reporting and Review

Our Nomination Committee is responsible for reviewing the diversity of our Board. The Board will review the implementation and effectiveness of the Board Diversity Policy annually, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives in order to ensure that the policy remains effective.

Policy Compliance

Under the current composition of our Board, our Directors have a balanced mix of knowledge and skills, including in management, strategic development, business development, sales and marketing, finance and information science and investments. They obtained degrees in diverse areas such as engineering, computer science and management. Our Directors range from 41 to 67 years old. After due consideration, our Board believes that based on our existing business model and different backgrounds of our Directors, the composition of our Board satisfies our Board Diversity Policy.

GENDER DIVERSITY

Gender Diversity at Board Level

We recognize that the gender diversity at the Board level can be improved. In particular, after the appointment of Ms. Fang Weijin as an independent non-executive Director with effect on December 16, 2021, gender diversity is achieved in respect of the Board as it is no longer a single gender board. That said, we will continue to strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to stakeholders' expectation and international and local recommended best practices. We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to providing career development opportunities for female staff so that we will have a pipeline of female Senior Management and potential successors to our Board in a few years' time.



The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

The Company is of the view that this strategy will offer chances for the Board to identify capable female employees to be nominated as a member of the Board in the future with an aim to providing the Board with a pipeline of female candidates to achieve gender diversity in the Board in the long run. The Board currently has one female Director and as such has achieved gender diversity in respect of the Board. The Nomination Committee will use its best endeavors and on suitable basis, identify and recommend female candidates to our Board for its consideration on the appointment of a Director as and when appropriate with the goal to maintain at least one female Director in our Board, subject to the Directors (i) being satisfied with the competence and experience of the relevant candidate based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interests of the Company and its Shareholders as a whole when considering the appointment. The Company believes that such a merit-based selection process with reference to the Board Diversity Policy and the nature of our business will be in the best interests of the Company and its Shareholders as a whole.

The Board recognises the importance of diversity at the workforce level. The Group employs our staff by talents and respects our staff's personal choices, regardless of gender, age, religion, nationality, etc. The gender ratios of the full-time employees by the end of the year ended December 31, 2025 are as follows:

Male 67%; Female 33%.

Employee Diversity Policy

The Company adopted an employee diversity policy ("**Employee Diversity Policy**") in June 2025 (most recently reviewed in March 2026), which respects employee diversity, values individual differences and places great emphasis on protecting employees' privacy and dignity. In recruitment, training and development, remuneration, employment and promotion opportunities, the Company is upholding the principle of providing equal opportunities for employees, and prohibits differential treatment, discrimination, bullying or creation of other artificial barriers against employees with different race, ethnicity or gender, striving to foster a diverse and inclusive working environment. The Company encourages a workplace culture characterized by mutual respect, equality and smooth communication, which eventually forms a positive contribution to work efficiency. Taking into account the Company's operational manpower needs and the actual distribution of relevant talents in the market, we are dedicated to maintaining a proportion of female employees of not less than 25%, and to gradually increasing this proportion subject to the Company's operating conditions and the supply of talents in the market. The Board will also regularly review the Employee Diversity Policy, discuss and consider setting measurable objectives for its implementation, and endeavor to make progress towards achieving those measurable objectives. The Company concurs that the implementation of the Employee Diversity Policy is in the best interests of the Company and its Shareholders as a whole.



BOARD MEETINGS

The Company has adopted the practice of holding Board meetings regularly in person for at least four times a year at approximately quarterly intervals, with active participation of all the Directors entitled to be present.

Notice of not less than 14 days is given for all regular Board meetings to provide all Directors with the opportunity to attend the meeting and include matters in the agenda. For other Board meetings, reasonable notice is given. The agenda and accompanying board papers are despatched in full to the Directors or committee members at least three days before meetings to ensure that they have sufficient time to review these documents. To enable the Directors to make informed decisions, the management will supply the Board and its committees with adequate, complete and reliable information in a timely manner and the Directors can access board papers and related materials of appropriate form and quality.

If any Director raises any queries, steps will be taken to respond to such queries as promptly and fully as possible. When a Director or a committee member is unable to attend a meeting, he is advised of the matters to be discussed and given an opportunity to make his views known to the Chairman prior to the meeting.

If a substantial Shareholder or a Director has a conflict of interest in a matter for consideration which is determined to be material by the Board, the Board should deal with the matter with a physical meeting rather than a written resolution. If an independent non-executive Director and his close associates have no material interest in the transaction, he should attend that Board meeting.

Minutes of the Board meetings and committee meetings record in detail the matters considered by the Board and the committees and the decisions reached, including any concerns and dissents expressed by the Directors. Draft and final versions of the minutes of the meetings are sent to the Directors for comments and records respectively within a reasonable time after each meeting. The final minutes with the relevant board papers and related materials are kept by the joint company secretaries and are available for review and inspection by the Directors at any time.

The Directors have full and timely access to all the information of the Company and the advice and services of the joint company secretaries, with a view to ensuring that Board procedures and all applicable laws, rules and regulations are followed. The Directors can seek independent professional advice in performing their duties at the Company's expense. The Board has resolved to provide separate independent professional advice to the Directors to assist them in performing their duties to the Company. Individual Directors are encouraged to access and consult with the Company's Senior Management independently and separately from the Board, but will not rely purely on the information provided voluntarily by the Senior Management and will make further enquiries when necessary.



The Board has established mechanisms to ensure that independent views and input are available to the Board: (i) the Chairman will at least hold one meeting per year with independent non-executive Directors and without the presence of other Directors; and (ii) the independent non-executive Directors participate in board committees (including Audit Committee, Nomination Committee and Remuneration Committee) meetings to bring independent views, advice and judgment on important issues relating to the Company's strategy, policy, financial performance. During the Reporting Period, the Board reviewed the implementation of the above-mentioned mechanism and considered the mechanism to be appropriate and effective.

During the Reporting Period, the Company held four Board meetings and all members of the Board attended the four Board meetings. The Chairman held one meeting with the independent non-executive Directors without the presence of other Directors. The Company will comply with code provision C.5.1 of the CG Code to hold at least four Board meetings each year, about once every quarter, and code provision C.2.7 of the CG Code for the Chairman to hold at least one meeting with the independent non-executive Directors without the presence of other Directors each year.

On March 26, 2026, a Board meeting was held, to consider and approve, among other things, the consolidated financial statements in this annual report.

BOARD COMMITTEES

To better serve the long-term interests of our stakeholders, the Board delegates certain matters requiring particular time, attention and expertise to its committees. The Board has determined that these matters are better dealt with by the committees as they require independent oversight and specialist input. As such, the Board has established three committees to assist the Board, namely Audit Committee, Remuneration Committee and Nomination Committee (the "**Committee(s)**"). Each of the Committees has its terms of reference which clearly specifies its powers and authorities and is responsible for overseeing particular aspects of the Group's affairs. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the Company's website and the Stock Exchange's website.

Each of the Committees will report to the Board on a regular basis, and the chairman of the Committee will report the findings and recommendations to the Board at the forthcoming meeting of the Board following each meeting of the Committee, unless there are legal or regulatory restrictions on its ability to do so.



Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee consists of the three independent non-executive Directors, namely Mr. Yuan Yuan (Chairman), Professor Lam Sing Kwong Simon and Ms. Fang Weijin. Mr. Yuan Yuan possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing auditor, BDO Limited. The joint company secretaries are responsible for keeping the full minutes of the Audit Committee meetings. The draft and final versions of minutes of the meetings are sent to all Audit Committee members for their comments and records within a reasonable time after the meeting.

The Audit Committee has access to independent professional advice and is provided with sufficient resources to perform its duties.

The main duties of the Audit Committee include the following:

- a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- b) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and discussing with the auditor before the audit commences, the nature and scope of the audit and reporting obligations;
- c) developing and implementing policy on engaging an external auditor to supply non-audit services, and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;



- d) monitoring the integrity of the Company's financial statements, Annual Reports, accounts, interim reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee focuses particularly on:
 - 1) any changes in accounting policies and practices;
 - 2) major judgmental areas;
 - 3) adequacy of disclosure, consistency within the financial statements and with prior disclosures;
 - 4) significant adjustments resulting from the audit;
 - 5) the going concern assumptions and any qualifications;
 - 6) compliance with accounting standards; and
 - 7) compliance with the Listing Rules and legal requirements in relation to financial reporting;
- e) Regarding (d) above:
 - 1) liaising with the Board, the Senior Management and the person appointed as the Company's qualified accountant and meeting with the Company's auditors at least two times a year; and
 - 2) considering any significant or unusual items that are, or may need to be, reflected in the report and accounts, giving due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;
- f) reviewing the Company's financial controls and reviewing the Company's risk management and internal control systems;
- g) discussing the risk management and internal control system with the management to ensure that the management has performed its duty in implementing an effective system, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;



- h) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the management's response to these findings;
- i) ensuring coordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
- j) reviewing the financial and accounting policies and practices of the Company and its subsidiaries. Special meetings may be convened at the discretion of the Chairman or at the request of the Senior Management to review significant control or financial issues;
- k) reviewing the external auditor's management letter, any material queries raised by the auditor to the management about accounting records, financial accounts or systems of control and the management's response;
- l) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- m) reviewing management's reports on the effectiveness of systems for internal control and financial reporting;
- n) acting as the key representative body for overseeing the Company's relations with the external auditor;
- o) making recommendations to the Board on the resolution of any disagreements between the management and the external auditor regarding financial reporting;
- p) discussing problems and reservations arising from the interim review and final audits, and any matters the external auditor may wish to discuss (in the absence of the management where necessary);
- q) reporting to the Board for decisions or suggestions made by the Audit Committee, unless there is any circumstance that such report is limited by law or regulatory restrictions;
- r) ensuring that the arrangements made by the Company enable the employees to raise concerns in confidence about possible improprieties in financial reporting, internal control or other matters, ensuring that proper arrangements are in place for the Company for fair and independent investigation of these matters and for appropriate follow-up action;
- s) reporting to the Board on the above matters;
- t) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;



- u) reviewing and monitoring the training and continuous professional development of Directors and the Senior Management;
- v) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- w) developing, reviewing and monitoring the Company's code of conduct and compliance manual, if any, applicable to employees and the Directors;
- x) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report in the Annual Report; and
- y) considering other topics, as defined by the Board from time to time.

During the Reporting Period, the Audit Committee has held two meetings, in which the Audit Committee has performed, among other things, the following tasks:

- reviewed the audited annual results and annual report for the year ended December 31, 2024;
- reviewed the unaudited interim results and interim report for the six months ended June 30, 2025;
- the Company's continuing connected transactions;
- in relation to the external auditor, reviewed their plans, reports and management letter, fees, involvement in non-audit services, and their terms of engagement;
- made recommendations to the Board for the re-appointment of the external auditor;
- reviewed the risk management and internal control systems and the effectiveness of the Company's internal audit function; and
- reviewed the corporate governance functions, including the functions set out in code provision A.2.1 of the CG Code.

According to code provision D.3.3(e)(i) of the CG Code, the Audit Committee must meet with the Company's auditors at least twice a year. During the Reporting Period, the Audit Committee held two meetings (including two meetings with external auditors of the Company) to review the Company's financial report and accounts for the year ended December 31, 2025 as well as the Company's internal audit function and any recommendations on the management and control of internal risks. All members of the Audit Committee attended the meetings of the Audit Committee.

The Auditor was invited to attend the Audit Committee meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. The Audit Committee also met with the Auditor without the presence of management. The Audit Committee is satisfied with the independence and engagement of the Auditor. As such, the Audit Committee has recommended the re-appointment of the Auditor.



Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with the CG Code. The Remuneration Committee consists of two independent non-executive Directors, namely Professor Lam Sing Kwong Simon (Chairman) and Mr. Yuan Yuan, and one executive Director, namely Mr. Yang Xu.

The Remuneration Committee consults the Chairman and the Chief Executive Officer about its remuneration proposals for other executive Directors. The Remuneration Committee has access to independent professional advice and is provided with sufficient resources to perform its duties.

The main duties of the Remuneration Committee include the following:

- a) making recommendations to the Board on the Company's policy and structure for all Directors' and the Senior Management's remuneration and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- b) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- c) making recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management members, including benefits in kind, pension rights and compensation payments, including any compensation payable for the loss or termination of their office or appointment;
- d) making recommendations to the Board on the remuneration of non-executive Directors;
- e) considering salaries paid by comparable companies, time commitments, responsibilities and employment conditions elsewhere in the Group;
- f) reviewing and approving the compensation payable to executive Directors and the Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- g) reviewing and approving compensation arrangements relating to the dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- h) ensuring that no Director or any of his associates (as defined in the Listing Rules) is involved in determining his own remuneration;



- i) advising the Shareholders on how to vote with respect to any service contracts of Directors that require Shareholders' approval under the Listing Rules;
- j) reviewing the basis of and, if the Committee so decides, approving any significant discretionary payment to an employee who is neither a Director nor a member of the Senior Management but who is related to any Director or any member of Senior Management;
- k) making recommendations to the Board regarding the content of the Board's annual report to Shareholders on Directors' and Senior Management's remuneration (including the Company's policy on such persons' remuneration, details of individual remuneration and other terms and conditions);
- l) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- m) considering other matters that are related to remuneration paid or payable by the Group, as defined or assigned by the Board or imposed by the Listing Rules or applicable laws from time to time.

During the Reporting Period, the Remuneration Committee held one meeting, in which the Remuneration Committee has performed, among other things, the following tasks:

- reviewed and made recommendations to the remuneration policy and structure of Directors and Senior Management;
- assessed performance of executive Directors;
- reviewed and made recommendations to the Board on the remuneration packages and policy of independent non-executive Directors; and
- assessed performance of certain Directors and Senior Management and reviewed and made recommendations to the Board on the remuneration packages for certain Directors and Senior Management.

All members of the Remuneration Committee attended the meeting of the Remuneration Committee. Going forward, the Remuneration Committee will continue to hold at least one meeting each year to perform its duties and comply with its terms of reference in all aspects.



Remuneration Policy

The Directors' emolument package comprises Director's fee, basic salaries and allowance, bonuses, share options and others. The following factors were considered when determining Directors' remuneration package:

- business needs and company development;
- responsibilities of the Directors and individual contribution to the Group;
- changes in markets, e.g., attract and retain key talent by being market competitive; and
- incentivize sustainable long-term performance and long-term alignment with shareholders' interests.

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with the CG Code. The Nomination Committee consists of one executive Director, namely Mr. Yang Xu (Chairman), and two independent non-executive Directors, namely Professor Lam Sing Kwong Simon and Ms. Fang Weijin.

The Nomination Committee has access to independent professional advice at the Company's expense and is provided with sufficient resources to perform its responsibilities.

The main duties of the Nomination Committee include the following:

- a) proposing a set of personal attributes to the Board, the adoption of which shall form the basis of the evaluation of candidates for directorship;
- b) proposing a set of procedures for processing nominations of candidates for the Board's approval;
- c) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and recommending any proposed changes to the Board to complement the Company's corporate strategy;
- d) developing and maintaining the nomination policy for the directorship of the Company (the "**Nomination Policy**"), including the nomination procedures as well as the procedures and criteria for the Committee to identify, select and recommend candidates for directorship during the year;
- e) reviewing the Nomination Policy regularly and disclosing such policy and the progress towards the goals of the policy as set out in the Company's Corporate Governance Reports, reviewing and discussing any necessary amendments, and making recommendations to the Board for approval;



- f) developing and maintaining the Board Diversity Policy, monitoring the implementation of the Board Diversity Policy, and regularly reviewing and disclosing such policy or its highlights in the Company's Corporate Governance Reports, reviewing and discussing any necessary amendments, and making recommendations with respect to them to the Board for approval;
- g) identifying individuals suitably qualified to become Board members, considering factors including but not limited to whether the individual may bring different views and perspectives, skills and experience to the Board, and whether Board diversity can be promoted with the individuals' participation;
- h) selecting and nominating relevant individuals for directorships or making recommendations thereon to the Board in accordance with the Nomination Policy;
- i) assessing the independence of independent non-executive Directors, reviewing the independent non-executive Directors' annual confirmations on their independence and making disclosure of its review results in the Corporate Governance Reports;
- j) assessing the adequacy of time that a candidate nominated as a Director of the Company can devote for its directorship, considering factors including the number of other listed companies in which such candidate has a directorship;
- k) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer;
- l) deciding and making recommendations to the Board as to whether a Director is able to and has adequately carried out his duties as a Director of the Company; in particular, where the subject Director has multiple board representations;
- m) regularly reviewing and reporting to the Board the contributions required from and the suitability of Directors and the Senior Management to perform their responsibilities to the Company, and whether they are spending sufficient time performing them, to ensure that they meet the terms of employment and performance objectives;
- n) making recommendations to the Board as to the re-appointment or replacement of any Director or member of the Senior Management;
- o) where the Board proposes a resolution to elect an individual as a Director at the general meeting, setting out in the circular to Shareholders and in the case of an appointment of an independent non-executive Director, an explanatory statement accompanying the notice of the relevant general meeting:
 - 1) the process used for identifying the individual and why the Nomination Committee believes the individual should be elected and the reasons why the Nomination Committee considers him to be independent;
 - 2) if the proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board;



- 3) the perspectives, skills and experience that the individual can bring to the Board; and
- 4) how the individual contributes to diversity of the Board.

During the Reporting Period, the Nomination Committee held one meeting, in which the Nomination Committee has performed, among other things, the following tasks:

- reviewed the structure, size and composition of the Board;
- made recommendations to the Board on the appointment and re-appointment of Directors; and
- assessed the independence of the independent non-executive Directors.

All members of the Nomination Committee attended the meeting of the Nomination Committee. Going forward, the Nomination Committee will continue to hold at least one meeting each year to perform its duties and comply with its terms of reference in all aspects.

NOMINATION POLICY FOR DIRECTORSHIP

Pursuant to Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to Article 16.3 of the Articles of Association, the Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall not be less than two. Subject to the provisions of the Articles of Association and the Cayman Companies Act, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors.

Pursuant to Article 16.6 of the Articles of Association, the Company may by ordinary resolution at any time remove any Director before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed.



The Board has adopted the Nomination Policy, which aims to set out the approach to enable the Nomination Committee to nominate a Director to the Board. Details of the policy and the related nomination procedure are set out as follows:

Director Selection Criteria

In the determination of the suitability of a candidate, the Nomination Committee will consider a range of factors, including but not limited to the following selection criteria, before making recommendations to the Board:

- reputation for integrity;
- experience in the entertainment industry and/or business strategy, management, legal and financial aspects;
- ability to assist the Board in effective performance of its responsibilities;
- the perspectives and skills that the proposed candidate is expected to bring to the Board;
- diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- commitment in respect of available time and relevant interest; and
- in the case of selection for independent non-executive Directors, the independence of the proposed candidate.

These factors are for reference only, and not meant to be exhaustive and decisive.

The Nomination Committee has the discretion to nominate any person as it considers appropriate. The Nomination Committee shall report its findings and make recommendations to the Board on the appointment of appropriate candidate for directorship for decision and succession planning. The ultimate responsibility for selection and appointment of Directors rests with the Board.

Nomination Procedure by the Nomination Committee

The Company has adopted a nomination procedure for the election of Directors. Such policy, devising the criteria and procedures of selection and performance evaluation, provides guidance to the Board on nomination and appointment of Directors of the Company.



The Nomination Committee shall call a meeting and invite nominations of candidates from Board members if any, for consideration by the committee prior to its meeting. Alternatively, such nomination may be approved by the committee by way of written resolutions. To fill a casual vacancy, the committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the committee shall make nominations to the Board for its consideration and recommendation.

The Board believes that the defined selection process is good for corporate governance in ensuring the Board continuity and appropriate leadership at Board level, and enhancing Board effectiveness and diversity.

Monitoring, Reporting and Review

The Nomination Committee will report annually on the Board's composition and make appropriate disclosures regarding the Board Diversity Policy in the Corporate Governance Report of the Company's annual reports.

The Board shall consider the recommendations from the Nomination Committee and make a decision as to whether the nominated candidate shall be eligible to be appointed as a director of the Company.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group and presenting a balanced, clear and understandable assessment in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company'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 statement of the auditor about its reporting responsibilities on the consolidated financial statements of the Company is set out in the section headed "Independent Auditor's Report" in this annual report.



RISK MANAGEMENT AND INTERNAL CONTROL

Adequate and effective risk management and internal control systems are key to safeguarding the achievement of the Company's strategic objectives. Risk management and internal control systems shall ensure the effective business operation, accuracy and reliability of the financial reporting, as well as the compliance with applicable laws, regulations and policies. The Board acknowledges that it is responsible for ensuring that the Company establishes and maintains sound risk management and internal control systems within the Group, and overseeing them and reviewing their effectiveness on an ongoing basis. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

Risk Management and Internal Control Systems

Our Board (through the Audit Committee) is responsible for establishing the Company's risk management and internal control systems. For the purposes of risk management and internal control, we have adopted various measures and procedures regarding our business operations.

The Company has formulated risk management and internal control management policies to construct a fundamental environment for risk management and internal control. The Company provides periodic training on these measures and procedures to our employees and regularly monitors their implementation in our game development, publishing and operation processes. Business departments actively cooperate with internal control and internal audit functions, report to the Senior Management on any important business development and how policies and strategies established by the Company are implemented within the department, and timely identify, assess and manage major risks. Risk management report, covering identified risks, evaluation and proposed responding measures, is submitted to the executive Directors periodically to monitor the whole implementation of our risk management policies across our Group on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our operations.

In addition, the Company has set up an internal control framework, which relates to business processes such as procurement, sales, human resources and payroll, game development, marketing, tax, capital, information security and intellectual property rights, financial reporting and disclosure. The risk bank has also been put in place and risk assessment is conducted on a regular basis to ensure the effective operation of risk management and internal control.

Lastly, the Company has established a whistleblowing policy and system for employees and those who deal with the Company (e.g., customers and suppliers) to raise concerns, in confidence and anonymity, in any such matters related to the Company.



Significant Risks of the Company

Below is a summary of the significant risks of the Company along with the applicable response strategies. The Company's risk profile may change and the list below is not intended to be exhaustive.

1. Financial Risk

We have adopted internal audit policies regarding our financial risk management. Our audit department is responsible for conducting internal annual auditing, participating in the preparation of our budget plans and overseeing the implementation of our internal controls. We also plan to provide regular training to our audit department staff to ensure that they understand these policies.

2. Information Security Management

We have implemented internal control procedures to protect the safety of user data and ensure compliance with applicable regulatory requirements. Our information technology team monitors the operating status of our network devices, servers, operating systems and database, and responds to and deals with any issues that may arise in a timely manner. We have also established a company-wide policy on data collection and protection practices, which primarily includes: (i) providing adequate notice to players as to how their data is being collected and used; (ii) encrypting player data stored on our system and setting up cloud and external firewalls for our games; (iii) limiting access of player data to authorized employees; and (iv) making reasonable efforts to prevent loss or leakage of player data.

In addition, we entered into user privacy agreement with our players on data collection and protection, and we did not experience any material information leakage or loss of user data during the five financial years ended December 31, 2025.

3. Fraud Risk

In recent years, fraudulent activities have occurred frequently in the internet and technology industry and therefore integrity has been an important concern. As the Company continues developing its business, its business scale and complexity increased, and consequently the fraud risk inevitably increased to a certain extent.

The Company, upholding the value of integrity, has zero tolerance for fraud, and is determined to fight against any fraudulent activities. The Group monitors fraudulent activities by establishing a code of conduct for employees and anti-fraud rules. The anti-fraud team is authorized to execute anti-fraud measures, including overseeing the implementation of the code of conduct for employees and taking disciplinary actions against non-compliance, handling complaints and whistle-blower reports, conducting internal investigations, reporting to the Board, and timely rectifying identified corrupt or fraudulent activities and taking preventative measures to avoid future non-compliance.



The Company has also established policies and systems that promote and support anti-corruption laws and regulations. We require our employees to follow our employee manual and code of business conduct and ethics, which contain internal rules and guidelines regarding best commercial practices, work ethics, fraud prevention mechanisms, negligence and corruption. We also carry out regular on-the-job compliance training for our Senior Management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility. We have also adopted Anti-Corruption Policy and Internal Audit Policy to safeguard against any corruption within our Group. Our staff can anonymously report any suspected corruption incident to our legal team. Our legal team is responsible for investigating the reported incidents and taking appropriate measures.

4. Legal Risk

We have a dedicated in-house legal team responsible for ensuring our mobile game operations' compliance with the relevant rules and regulations. Our legal department examines our contract terms, reviews all relevant licenses, approvals and permits required of us, conducts due diligence into our counterparties, and continuously monitors our compliance status and legal risks. With the assistance of external legal advisors, our Directors also continuously monitor our compliance with relevant laws and regulations.

5. Intellectual Property Risk

To manage IP risks, we carefully review the required documentation before the official launch of a game to spot any potential risks. We were not subject to any material IP-related complaints or allegations during the eight financial years ended December 31, 2025.

6. Geopolitical Risk

In recent years, heightened global geopolitical uncertainties and rising trade protectionism have undermined the stability of global supply chains and complicated the business environment. The significant shifts in the external environment have increased corporate operating costs and compliance difficulties, added uncertainty to our long-term strategy and capital allocation, and affected business predictability.

By methods including integrating internal and external resources and operating prudently in developed markets, we make best effort to maintain the stability of our daily operations and actively seek growth opportunities.

7. Risk Associated with the Application of New Technologies

The application of new technologies such as AI presents dual challenges for internet companies. On the one hand, issues such as the lack of transparency in large model algorithmic decision-making, potential cyberattacks and AI hallucinations threaten corporate information security and service quality. On the other hand, there are certain legal disputes regarding the sources of AI training data and the ownership of intellectual property rights in generated content, and disputes between human creators and AI trainers occur from time to time. The evolution of relevant legal practices and potential infringement disputes could adversely affect the compliance of our products and our operating models.



While we encourage the use of AI technologies in our daily operations, we also ensure that experienced employees maintain substantive control over the entire workflow to promptly identify and correct problems and potential risks arising from AI tools. At the same time, we continue to strengthen our cybersecurity infrastructure and enhance the protection of personal information to ensure that the application of new technologies does not lead to any major cybersecurity incidents.

8. Risk of Intensified Competition

In recent years, China's gaming industry has benefited from multiple favorable policies and market conditions, with creators demonstrating strong enthusiasm. Many new teams and projects have emerged, some of which have already gained market recognition, while others have shown great potential. It is foreseeable that in the coming period of time, Chinese game companies will face more intense competition among themselves, while also competing as a collective on the international stage against global giants that have proven themselves in the market, possessing established development systems with vast pool of talents and well-known IPs.

We maintain open communication channels with our players, actively listen to their feedback, and shall prioritize providing excellent games and high-quality services as our foremost operational objective. At the same time, we continue to explore new products, expand Qingci's product matrix and push the limits of our distribution capabilities, striving to seize historic opportunities and secure a place for ourselves in the future.

Inside Information

The Company attaches utmost importance to the proper handling and dissemination of inside information.

The Company has in place a framework for the handling and disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the Shareholders and stakeholders to assess the latest position of the Group. The framework and its effectiveness are subject to review on a regular basis according to established procedures.

Under the framework, to ensure the confidentiality and the timely disclosure of inside information, the relevant employees who may possess inside information are provided with learning materials and guidelines regarding the handling and dissemination of inside information on a yearly basis. IT system controls are implemented to ensure the access to sensitive data is restricted to authorized personnel only. If an employee is aware of any project, transaction, information or situation which he thinks could potentially be inside information, he should contact the joint company secretaries as soon as possible. Legal analysis and consultations with the Directors and Senior Management will be made so as to identify whether any such information constitutes inside information and is required to be disclosed to the public pursuant to the SFO.



Effectiveness of Risk Management and Internal Control

The Company has established its internal audit function, which is responsible for independently reviewing the adequacy and effectiveness of the Group's risk management and internal control system and reporting the results to the Audit Committee. The Audit Committee is responsible for conducting a review of the effectiveness of the Group's risk management and internal control systems, including all material controls (such as financial, operational and compliance controls), at least once every year.

The Audit Committee's process of reviewing the effectiveness of the risk management and internal control systems and resolving material internal control defects comprises of, among other things: (1) meetings with the business department, the internal audit department, the internal control department, legal team, and the external auditor (as the case may be); (2) reviewing the relevant work reports and information of key performance indicators; (3) the Senior Management's self-assessment on internal control; and (4) discussing the significant risks with the Senior Management.

The Board has conducted a review of the adequacy and effectiveness of the Group's risk management and internal control systems throughout the year ended December 31, 2025, and considers that they are adequate and effective. The Board has also received a confirmation from the management on the effectiveness of the Group's risk management and internal control systems throughout the year ended December 31, 2025.

In addition, based on the report of the Audit Committee, the Board believes that the Company's accounting, internal audit and financial reporting functions, and ESG performance and reporting have been performed by staff with the appropriate qualifications and experience and that such staff receives appropriate and sufficient training and development. The Board also believes that sufficient resources and an adequate budget have been obtained for such functions.

JOINT COMPANY SECRETARIES

Mr. Zhu Chengyin and Ms. Yung Mei Yee, a vice president of SWCS Corporate Services Group (Hong Kong) Limited (an external company secretarial service provider), have been appointed as the Company's joint company secretaries. They are responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

Ms. Yung Mei Yee was appointed to assist Mr. Zhu Chengyin in discharging his duties as a company secretary of the Company. The primary corporate contact person at the Company is Mr. Zhu Chengyin, the director of capital markets and the joint company secretary of the Company.



For the year ended December 31, 2025, Mr. Zhu Chengyin and Ms. Yung Mei Yee have undertaken not less than 15 hours of relevant professional training, respectively, in compliance with Rule 3.29 of the Listing Rules.

The Board is responsible for approving the selection, appointment or dismissal of a company secretary. A physical Board meeting instead of a written resolution should be used to deal with the appointment and dismissal of a company secretary.

DIVIDEND POLICY

The Company does not have any pre-determined dividend payout ratio. The payment and the amount of dividends will be at the discretion of the Board and will also depend on factors such as the Company's results of operations, cash flow, capital requirements, general financial condition, contractual restrictions, future prospects and other factors that the Board deems relevant. Any declaration and payment as well as the amount of dividends will be subject to the Articles of Association and the Cayman Companies Act. Subject to the Cayman Companies Act and the Articles of Association, the Company in general meeting may declare dividends, but shall not exceed the amount recommended by the Board. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board believes that effective and on-going communication with the Shareholders and prospective investors is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely, equal, ready and regular disclosure of its corporate information, which enables the Shareholders and investors to make the best informed investment decisions.

The Chairman is responsible for ensuring that appropriate steps are taken to provide effective communication with the Shareholders and that their views are communicated to the Board as a whole. The Company has in place a policy (the **"Shareholders' Communication Policy"**) to promote effective and on-going communication between the Company and the Shareholders and to ensure that the Shareholders' views and concerns are communicated to the Board and appropriately addressed. As part of its regular review, the Board has reviewed the Shareholders' Communication Policy for the year ended December 31, 2025 and is of the view that the policy is effective and adequately implemented.



General Meetings

The Company encourages Shareholders' active participation in annual general meetings and other general meetings or other proper means. As such, pursuant to Article 12.4 of the Articles of Association, the Company sends notices to Shareholders at least 21 clear days before the meeting for annual general meetings and at least 14 clear days for all other general meetings. The Company's general meetings provide a transparent and open platform for the Company's Shareholders to communicate with the Board and the Senior Management.

The Chairman will attend and invite the chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee to attend all annual general meetings. They will be available to answer questions at the annual general meetings. The Company's management also ensures that the external auditor attends all annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

In order to ensure that Shareholders' interests and rights are adequately protected, a separate resolution will be proposed by the Chairman for each substantially separate issue at the general meetings. There will be no "bundling" of resolutions unless they are interdependent and linked forming one significant proposal. When resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting.

All resolutions will be voted by poll pursuant to the Articles of Association and the Listing Rules. To ensure that the Shareholders are familiar with the detailed procedures for conducting a poll, detailed procedures for conducting a poll are explained at the commencement of the general meetings, and all questions from the Shareholders on the voting procedures will be answered before the poll voting starts. Poll results will be posted on the Company's website and the Stock Exchange's website after each general meeting.

Other Communications

The Company will publish in a timely manner both English and Chinese versions of (i) any corporate communication (as defined in the Listing Rules) of the Company that requires Shareholders' attention or action, and (ii) announcements relating to matters to be disclosed under the Listing Rules (including but not limited to those involving inside information, corporate actions and corporate transactions).

The Company also ensures that the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, maintains the most up-to-date information relating to the Shares at all times so that it can respond effectively to the Shareholders' enquiries.



The Company maintains a website at www.qcplay.com/notice.html as a communication platform with the Shareholders and investors, where information on the Company's announcements, financial information and other information are available for public access. Shareholders and investors may send enquiries or requests to the Company, for the attention of the Board, as follows:

Address: 4 Wang Hai Road, Xiamen Software Park II, Xiamen, Fujian Province, PRC
Postcode: 361008
Email: ir@qcplay.com

The Company continues to enhance communications and relationships with Shareholders and investors. Designated Senior Management members maintain regular dialogue with institutional investors and analysts to keep them posted on the Company's developments. Enquiries from Shareholders and investors are dealt with in an informative and timely manner.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

Pursuant to Article 12.3 of the Articles of Association, extraordinary general meetings shall be convened on the written requisition of any one or more Shareholders holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid-up capital of the Company which carries the right of voting at general meetings of the Company. The written requisition shall be deposited at the Company's principal office in Hong Kong (or the Company's registered office in the event the Company ceases to have such a principal office), specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board. Any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

Putting Forward Proposals at General Meetings

There is no provision allowing the Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director (Article 16.4) under the Cayman Companies Act or the Articles of Association. Shareholders who wish to put forward a resolution may follow the procedures set out in the preceding paragraph to request the Company to convene an extraordinary general meeting for any business specified in such written requisition.



DISCLOSURE OF OTHER INFORMATION

The Company is required to disclose certain information pursuant to the Listing Rules and the CG Code. Set out below is the information which has not been covered above.

Changes in Constitutional Documents

No changes have been made to the Company's memorandum and articles of association ("**M&A**") by the Company during the Reporting Period. The latest version of the M&A is available on the websites of the Stock Exchange and the Company.

Reference is made to the announcement of the Company dated March 26, 2026. The Board proposes to make certain amendments to the M&A and adopt the new M&A for the purpose of (i) providing more flexibility to the Company in relation to the conduct of general meetings (including hybrid or fully electronic meetings); (ii) bringing the M&A in line with the expanded paperless listing regime and electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules; and (iii) implementing consequential and other necessary housekeeping amendments to the M&A. Details of the proposed amendments are set out in Appendix III to the Company's circular dated April 21, 2026.

Auditor's Remuneration

For the year ended December 31, 2025, the fee paid/payable to the external auditor of the Company, BDO Limited, in respect of audit services and non-audit services is set out as follows:

Type of services provided by the external auditor	Amount RMB'000
Audit services (for audit of the annual results of the Group)	2,700
Non-audit services (for review of the interim results of the Group)	280
Total	2,980



Model Code for Securities Transactions

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding the transactions of securities of the Company by its Directors. The Directors have confirmed, following specific enquiries by the Company, compliance with the required standard set out in the Model Code and its code of conduct for the year ended December 31, 2025.

The Company has also established written guidelines for dealings in the Company's securities by employees or directors of the Group who are likely to possess inside information of the Company or the Company's securities (the "**Guidelines for Securities Dealings by Relevant Employees**") on terms no less exacting than the Model Code. During the year ended December 31, 2025, no incident of non-compliance with the Guidelines for Securities Dealings by Relevant Employees has been noted by the Company.

Directors and Officers Liability Insurance

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against the Directors and the Company's officers.



Independent Auditor's Report

TO THE SHAREHOLDERS OF QINGCI GAMES INC.

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Qingci Games Inc. (the “Company”) and its subsidiaries (together the “Group”) set out on pages 193 to 290, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “Code”), 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 ON ONLINE GAME OPERATING SERVICES – ESTIMATES OF LIFESPAN OF IN-GAME VIRTUAL ITEMS

During the year ended 31 December 2025, the Group generated revenue from its online game operating services amounted to approximately RMB441 million, representing approximately 97% of the Group's revenue.

The Group recognised revenue from sales of in-game virtual items ratably over the lifespan of in-game virtual items determined by management with reference to the expected playing period of paying players ("Player Relationship Period") when the Group determined that it is obligated to provide on-going services to game players.

We focused on this area because the determination of the lifespan of the in-game virtual items with reference to the expected Player Relationship Period is subject to high degree of estimation uncertainty. The inherent risk in relation to the determination of the lifespan of the in-game virtual items with reference to the expected Player Relationship Period is considered significant due to subjectivity of significant assumptions used and significant judgments involved in the relevant determination. These judgments and estimates include (i) historical players' consumption patterns, churn rates, and games life-cycle, and other qualitative factors such as the Group's marketing strategy; and (ii) the identification of events that may trigger changes in the expected Player Relationship Period.



KEY AUDIT MATTERS (CONTINUED)**REVENUE RECOGNITION ON ONLINE GAME OPERATING SERVICES
– ESTIMATES OF LIFESPAN OF IN-GAME VIRTUAL ITEMS** (CONTINUED)**Our response:**

Our procedures performed in relation to the estimation of lifespan of in-game virtual items included:

- We obtained an understanding of management's internal control and assessment process of estimates of lifespan of in-game virtual items and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity, changes and susceptibility of management bias.
- We assessed, on a sample basis, the estimated lifespan of in-game virtual items adopted by management by (i) testing the completeness, accuracy and relevance of underlying data used in management's development of the estimates; (ii) evaluating the reasonableness of the key assumptions used by management including estimating future players' churn rates based on historical players' churn rates and similarities between new games and existing games with sufficient historical data; and (iii) checking the mathematical formula used in calculating estimated lifespan of in-game virtual items, re-calculating the estimated lifespan of in-game virtual items and comparing the result to the estimates adopted by management for recognition of in-game virtual items revenue.

Based on the procedures performed, we considered that the significant judgments and estimates adopted by management in the assessment of lifespan of in-game virtual items are supported by the evidence obtained.



OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards 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 are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.



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. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, 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 work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Limited

Certified Public Accountants

IP Ka Ming

Practising Certificate Number P08322

Hong Kong, 26 March 2026



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	456,077	627,962
Cost of sales	6	(194,790)	(264,847)
Gross profit		261,287	363,115
Selling and marketing expenses	6	(102,595)	(215,978)
Research and development expenses	6	(104,904)	(106,142)
General and administrative expenses	6	(61,399)	(61,027)
Net impairment losses on financial assets	6	(513)	132
Fair value changes on investments measured at fair value through profit or loss	8	134,537	60,915
Other income	9	3,088	6,123
Other losses, net	10	(3,633)	(4,746)
Operating profit		125,868	42,392
Finance income		8,944	12,142
Finance costs		(1,741)	(2,135)
Finance income, net	11	7,203	10,007
Share of results of investments accounted for using equity method	18	1,317	(397)
Losses on impairment of investments accounted for using the equity method	18	(2,882)	(4,976)
Profit before income tax		131,506	47,026
Income tax (expenses)/credit	12	(8,167)	102
Profit for the year		123,339	47,128
Other comprehensive income:			
Items that may be reclassified to profit or loss			
– Currency translation differences		(30,102)	16,833
Total comprehensive income for the year		93,237	63,961



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
Profit/(loss) for the year attributable to:			
Equity holders of the Company		121,749	51,120
Non-controlling interests		1,590	(3,992)
		123,339	47,128
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		91,494	68,246
Non-controlling interests		1,743	(4,285)
		93,237	63,961
Earnings per share for profit for the year attributable to the equity holders of the Company			
Basic earnings per share (RMB)	13	0.18	0.07

The notes on pages 200 to 290 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	10,212	14,055
Right-of-use assets	15	8,640	18,279
Intangible assets	16	998	1,536
Deferred tax assets	17	21,953	29,841
Investments accounted for using the equity method	18	31,034	32,863
Long-term investments measured at fair value through profit or loss	20	148,055	161,254
Prepayments, deposits and other assets	21	23,849	36,363
		244,741	294,191
Current assets			
Trade receivables	22	29,001	39,198
Inventories		1,521	1,022
Prepayments, deposits and other assets	21	58,779	50,459
Short-term investments measured at fair value through profit or loss	23	1,273,075	1,146,208
Cash and cash equivalents	24	444,310	449,975
		1,806,686	1,686,862
Total assets		2,051,427	1,981,053
EQUITY			
Share capital	25	44	44
Share premium	25	5,117,821	5,117,821
Other reserves	26	(2,922,662)	(2,893,722)
Accumulated deficit		(286,819)	(408,568)
Equity attributable to equity holders of the Company		1,908,384	1,815,575
Non-controlling interests		(8,326)	(8,754)
Total equity		1,900,058	1,806,821



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	28	1,824	8,694
Deferred tax liabilities	17	–	21
		1,824	8,715
Current liabilities			
Trade payables	30	22,279	25,163
Other payables and accruals	31	63,629	64,723
Contract liabilities	27	44,461	38,849
Current income tax liabilities		1,244	4,944
Lease liabilities	28	7,932	11,864
Borrowings	29	10,000	19,974
		149,545	165,517
Total liabilities		151,369	174,232
Total equity and liabilities		2,051,427	1,981,053

The notes on pages 200 to 290 are an integral part of these consolidated financial statements.

The financial statements on pages 200 to 290 were approved by the Board of Directors on 26 March 2026 and were signed on its behalf.

Huang Zhiqiang
Director

Liu Siming
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

Notes	Attributable to equity holders of the Company						
	Share capital	Share premium	Other reserves	Accumulated deficit	Sub-total	Non-controlling interests	Total
	RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000
As at 1 January 2025	44	5,117,821	(2,893,722)	(408,568)	1,815,575	(8,754)	1,806,821
Comprehensive income							
Profit for the year	-	-	-	121,749	121,749	1,590	123,339
Other comprehensive income							
– Currency translation differences	-	-	(30,255)	-	(30,255)	153	(30,102)
Total comprehensive income for the year	-	-	(30,255)	121,749	91,494	1,743	93,237
Acquisition of minority shareholder equity	-	-	1,315	-	1,315	(1,315)	-
As at 31 December 2025	44	5,117,821	(2,922,662)	(286,819)	1,908,384	(8,326)	1,900,058

Notes	Attributable to equity holders of the Company						
	Share capital	Share premium	Other reserves	Accumulated deficit	Sub-total	Non-controlling interests	Total
	RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000
As at 1 January 2024	44	5,117,821	(2,910,848)	(459,688)	1,747,329	(4,469)	1,742,860
Comprehensive income							
Profit for the year	-	-	-	51,120	51,120	(3,992)	47,128
Other comprehensive income							
– Currency translation differences	-	-	17,126	-	17,126	(293)	16,833
Total comprehensive income for the year	-	-	17,126	51,120	68,246	(4,285)	63,961
As at 31 December 2024	44	5,117,821	(2,893,722)	(408,568)	1,815,575	(8,754)	1,806,821

The notes on pages 200 to 290 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	33	28,864	17,341
Interest paid		(262)	–
Income tax paid		(5,321)	(7,965)
Net cash generated from operating activities		23,281	9,376
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(3,165)	(2,414)
Proceeds from sale of property, plant and equipment	14	788	78
Purchases of intangible assets	16	(453)	(1,834)
Purchase of long-term investments measured at fair value through profit or loss	20	(9,914)	(13,561)
Disposal of long-term investments measured at fair value through profit or loss	20	10,698	–
Purchase of short-term financial assets at fair value through profit and loss	23	(348,402)	(534,756)
Redemption of short-term financial assets at fair value through profit and loss	23	344,011	474,896
Purchase of investments accounted for using the equity method	18	(51)	–
Repayment from third parties	21	4,000	5,031
Loans to employee	21	(1,001)	(1,500)
The amounts repaid from related and related parties	21	33	3,837
Prepayment for purchase of short-term financial assets at fair value through profit and loss	21	(3,675)	(14,377)
Purchase of short-term financial liabilities at fair value through profit and loss	23	–	64,362
Redemption of short-term financial liabilities at fair value through profit and loss	23	–	(73,343)
Dividends from investments accounted for using the equity method		300	–
Dividends from long-term investments measured at fair value through profit or loss		570	1,812
Interest received		4,270	7,447
Net cash used in investing activities		(1,991)	(84,322)



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from financing activities			
Proceeds from borrowings	29	10,000	–
Repayments of borrowings (including interests)	29	(20,719)	(13)
Payment for lease liabilities (including interests)	15	(9,856)	(11,597)
Net cash used in financing activities		(20,575)	(11,610)
Net increase/(decrease) in cash and cash equivalents		715	(86,556)
Cash and cash equivalents at the beginning of the year		449,975	538,003
Effects of exchange rate changes on cash and cash equivalents		(6,380)	(1,472)
Cash and cash equivalents at the end of the year	24	444,310	449,975

The notes on pages 200 to 290 are an integral part of these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Qingci Games Inc. (the “Company”) is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 12 March 2021.

The Company is an investment holding company. The Company and its subsidiaries, including consolidated structured entities (together, the “Group”) are principally engaged in development and operation of mobile games and provision of information services in the People’s Republic of China (the “PRC”) and other areas. For the purpose of preparing the consolidated financial statements, mainland China refers to the PRC excluding Hong Kong Special Administrative Region of the PRC (“Hong Kong”), Macau Special Administrative Region of the PRC (“Macau”) and Taiwan Province of the PRC.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 16 December 2021.

As at 31 December 2025, the Company has direct and indirect interests in the following subsidiaries:

Name	Place of incorporation/ establishment and kind of legal entity	Particulars of issued/registered capital	Effective interest held As at 31 December		Principal activities and place of operation
			2024	2025	
Subsidiaries					
Directly held:					
Qingci Holding Limited ("Qingci Holding")	British Virgin Islands, limited liability company	USD1	100%	100%	Investment holding, British Virgin Islands
Indirectly held:					
Qingci (HK) Limited	Hong Kong, limited liability company	HKD100	100%	100%	Investment holding, Hong Kong
QC Interactive Technology Co., Ltd. (廈門青瓷互動科技有限公司, the "WFOE")	Xiamen, China, limited liability company	RMB100,000,000	100%	100%	Management consultation, Xiamen, China
Qingji Limited (青集有限公司)	Hong Kong, limited liability company	HKD100	100%	100%	Management consultation, Hong Kong



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. GENERAL INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

Name	Place of incorporation/ establishment and kind of legal entity	Particulars of issued/ registered capital	Effective interest held As at 31 December		Principal activities and place of operation
			2024	2025	
Subsidiaries (continued)					
Indirectly held: (continued)					
QC-Game Digital Technology (Hongkong) Co., Limited (香港青瓷數碼技術有限公司, “QC HK”)	Hong Kong, limited liability company	USD1,000,000	100%	100%	Game operation, Hong Kong
Shanghai Qingxin Management Consulting Co., Ltd. (上海青歆管理諮詢有限公司)	Shanghai, China, limited liability company	RMB10,000,000	100%	100%	Consultation, Shanghai, China
Qingyu Limited (青予有限公司)	Hong Kong, limited liability company	HKD10,000	80%	80%	Game operation, Hong Kong
QCPlay Inc.	Japan, limited liability company	JPY50,000,000	100%	100%	Game operation, Japan
BARLEY PLAY PTE. LTD.	Singapore, limited liability company	USD1,000	100%	83%	Game operation Singapore
Qingcheng Digital Technology (Hongkong) Co., Limited (香港青城數碼科技有限公司)	Hong Kong, limited liability company	USD145,000	80%	100%	Game operation, Hong Kong
ULTRAPLAYERS GAME PTY LTD	Australian, limited, Liability company	AUD100,000	100%	100%	Game operation, Austrian
QCPLAY GAMES LIMITED	Hong Kong, limited liability company	HKD2,997,700	100%	100%	Game development and operation, Hong Kong
QCPLAY CO., Ltd	Korea, limited liability company	KRW500,000,000	100%	100%	Investment holding, Korea
Ultraplayers HK Limited	Hong Kong, limited liability company	USD500,000	100%	100%	Investment holding, Hong Kong
上海青司管理諮詢有限公司	Shanghai, China, limited liability company	RMB150,000,000	100%	100%	Investment holding, Shanghai, China



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. GENERAL INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

Name	Place of incorporation/ establishment and kind of legal entity	Particulars of issued/ registered capital	Effective interest held As at 31 December		Principal activities and place of operation
			2024	2025	
Subsidiaries (continued)					
Structured entities controlled via the Contractual Arrangements:					
QC-Game Digital Technology (Xiamen) Co., Ltd (廈門青瓷數碼技術有限公司, “QC Digital”)	Xiamen, China, limited liability company	RMB14,270,513	100%	100%	Game development and operation, Xiamen, China
QC-Game Cultural Communication (Xiamen) Co., Limited (廈門青瓷文化傳播有限公司)	Xiamen, China, limited liability company	RMB10,000,000	100%	100%	Game development and operation, Xiamen, China
QC Chengdu Interactive Co., Limited (成都青瓷互動網絡科技有限 公司)	Chengdu, China, limited liability company	RMB100,000,000	100%	100%	Game operation, Chengdu, China
QC Chengdu Media Co., Limited (成都青瓷傳媒有限公司)	Chengdu, China, limited liability company	RMB2,000,000	60%	60%	Game operation, Chengdu, China
QC Chengdu Software Co., Limited (成都青瓷軟件技術有限公司)	Chengdu, China, limited liability company	RMB2,000,000	60%	60%	Game operation, Chengdu, China
Xiamen Qingyi Network Technology Co., Ltd. (廈門青亦網絡科技有限公司)	Xiamen, China, limited liability company	RMB11,764,706	100%	100%	Operation, Xiamen, China
Chengdu celadon light network technology Co., Ltd. (成都青瓷拾光網絡科技 有限公司)	Hong Kong, limited liability company	RMB10,000,000	100%	100%	Game operation, Chengdu, China
Chengdu Niuwanqihao Cultural Creativity Co., Ltd. (成都牛玩柒號文化創意有限 公司)	Chengdu, China, limited liability company	RMB625,000	60%	60%	Products design Chengdu, China
Qoiro Limited	Cayman Islands, limited liability company	USD1	–	100%	Investment holding, Cayman Islands
KaraQ Games Limited (青界遊戲 有限公司)	Hong Kong, limited liability company	HKD10,000	–	100%	Game operation, Hong Kong

The English names of certain subsidiaries referred herein represent the directors' best effort at translating the Chinese names of these companies as no English names have been registered.

All companies comprising the Group have adopted 31 December as their financial year end date.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in note 4.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2025:

HKAS 21	Lack of Exchangeability (amendments)
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These standards and amendments listed above did not have any impact on the amounts recognized in prior periods or disclosure are not expected to significantly affect the current or future periods.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) New standards and amendments not yet adopted by the management of the Group

There are a number of standards, amendments to standards, and interpretations which have been issued by the HKICPA that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning on or after 1 January 2026:

- Classification and Measurement of Financial Instruments (Amendments to HKFRS 9 and HKFRS 7)
- Annual Improvements to HKFRS Accounting Standards – Volume 11 (Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7)
- Contracts Referencing Nature-dependent Electricity (amendments) (Amendments to HKFRS 9 and HKFRS 7)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to HKFRS 10 and HKAS 28)

The following amendments are effective for the period beginning on or after 1 January 2027:

- Presentation and Disclosure in Financial Statements (new standard) (Amendments to HKFRS 18)
- Subsidiaries without Public Accountability: Disclosures (new standard) (Amendments to HKFRS 19)

Except for HKFRS 18 which would affect the presentation and disclosure of the Group's financial statements, these standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

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



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2. Subsidiaries

A subsidiary is an entity (including a structured entity) 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 over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statements, consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statements of financial position respectively.

2.2.1. Subsidiaries controlled through Contractual Arrangements

The wholly owned subsidiary of the Company, the WFOE (Note 1), has entered into the Contractual Arrangements with QC Digital, which enable the WFOE and the Group to:

- exercise power to direct the PRC Consolidated Affiliated Entities' relevant activities;
- exercise equity holders' voting rights of the PRC Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the PRC Consolidated Affiliated Entities, in consideration for the business support by the WFOE, at the WFOE's discretion;
- obtain an irrevocable and exclusive right to purchase all equity interests in QC Digital from its registered equity holders 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 equity holders of QC Digital shall return the amount of purchase consideration they have received to the WFOE. At the WFOE's request, the registered equity holders of QC Digital will promptly and unconditionally transfer their respective equity interests in QC Digital to the WFOE (or its designee within the Group) after the WFOE exercises its purchase right; and



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2. Subsidiaries (continued)

2.2.1. Subsidiaries controlled through Contractual Arrangements (continued)

- obtain a pledge over the entire ownership interests of QC Digital from its registered equity holders to secure performance of their obligations under the Contractual Arrangements.

As a result of the Contractual Arrangements, the Company has rights to exercise power over the PRC Consolidated Affiliated Entities, receive variable returns from its involvement with the PRC Consolidated Affiliated Entities, and has the ability to affect those returns through its power over the PRC Consolidated Affiliated Entities. Therefore, the Company is considered to control the PRC Consolidated Affiliated Entities. Consequently, the Company regards the PRC Consolidated Affiliated Entities as controlled structured entities and consolidates the financial positions and results of operations of these entities in the consolidated financial statements of the Group.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the PRC Consolidated Affiliated Entities and such uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the PRC Consolidated Affiliated Entities. The directors, based on the advice of its legal counsel, consider that the Contractual Arrangements are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

2.2.2. Business combination

The Group applies the acquisition method to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2. Subsidiaries (continued)

2.2.2. Business combination (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss. Amounts classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognized in profit or loss.

2.2.3. Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2. Subsidiaries (continued)

2.2.4. Disposal of subsidiaries

When the Group ceases to consolidate a subsidiary because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

2.3. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. All investments in associates in the form of ordinary shares with significant influence are accounted for using the equity method of accounting, after initially being recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an investment accounted for using the equity method equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the investees have been changed where necessary to ensure consistency with the policies adopted by the Group.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3. Associates (continued)

The Group determines at each reporting date whether there is any objective evidence that investments accounted for using the equity method are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognizes the amount in “Losses on impairment of investments accounted for using the equity method” in the consolidated income statements.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2.4. Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Game licenses and prepayments for game licenses and sharing of proceeds are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Group regularly assesses the possibility whether relevant games could be successfully published based on all available information, including market trend, testing results, and business performance of comparable games, if applicable, to assess impairment indicator of those prepayments (Note 21).



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5. Financial assets

2.5.1. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI). For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.5.2. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The Group derecognizes a financial asset, if the part being considered for derecognition meets one of the following conditions: (a) the contractual rights to receive the cash flows from the financial asset expire; or (b) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (c) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows ("pass through" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5. Financial assets (continued)

2.5.3. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other (losses)/gains together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other (losses)/gains. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other (losses)/gains and impairment expenses are presented as separate line item in the statement of comprehensive income.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "Fair value changes on investments measured at fair value through profit or loss" in the period in which it arises.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5. Financial assets (continued)

2.5.3. Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established. Changes in the fair value of financial assets measured at FVPL are recognised in other (losses)/gains in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.5.4. Impairment

Trade receivables and other receivables are subject to HKFRS 9's new expected credit loss model. While cash and cash equivalents, restricted cash and short-term investments measured at fair value through profit or loss are also subject to the impairments requirements of HKFRS 9, the identified impairment losses were immaterial.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group uses practical expedients when estimating lifetime expected credit losses on trade receivables, which is calculated using a provision matrix where a fixed provision rate applies depending on the number of days that a trade receivable is outstanding.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6. 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.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.6.1. Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.6.2. Deferred income tax inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6. Current and deferred income tax (continued)

2.6.2. Deferred income tax inside basis differences (continued)

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

2.6.3. Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.7. Revenue recognition

Revenue is recognized when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. The following is a description of the accounting policy for our principal revenue streams:

The Group is a publisher of mobile games developed by itself or game developers. The Group publishes its self-developed mobile games or licensed mobile games from game developers and earns game operating revenue by publishing them to the game players through distribution channels, e.g. online application stores (such as Apple Inc.'s App Store ("Apple App") and Android based App Stores ("Android App")), as well as web-based and mobile game portals, including the Group's own websites(collectively referred to as "Distribution Channels").

The games published by the Group are operated under free-to-play model whereby game players can play the games free of charge and are charged for the purchase of in-game virtual items via payment channels, such as the third-party internet payment systems (the "Payment Channels").



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7. Revenue recognition (continued)

2.7.1. Game operating revenue

When the Group publishes mobile games developed by game developers, proceeds earned from selling in-game virtual items, are shared between the Group and the game developers, with the amount paid to the developers generally calculated based on amounts paid by players, after deducting the fees paid to Payment Channels and Distribution Channels and multiplied by a predetermined percentage for each game.

The Group evaluates agreements with the game players, game developers, Distribution Channels and Payment Channels in order to determine whether or not the Group acts as the principal or as an agent for the goods or service provided to the customer in the arrangement with each party respectively, which it considers in determining if relevant revenues should be reported gross or net of the predetermined amount of the proceeds shared with the other parties. The determination of whether to record the revenues gross or net is based on an assessment of various factors, including but not limited to whether the Group (i) is primarily responsible for fulfilling the promise to provide the specified good or service. This typically includes responsibilities for acceptability of the specified good or service (for example, primary responsibility for the good or service meeting customer specification); (ii) has inventory risk before the specified good or service has been transferred to a customer, or after transferring the control to the customer (for example, if the customer has a right of return); (iii) has latitude in establishing the prices for the specified goods or services; (iv) has discretion in selection of suppliers.

During the reporting period, the Group takes primary responsibilities in game operation. The Group considered itself as a principal in game operating arrangements and recorded game operating revenues on a gross basis.

Under the arrangements that the Group takes primary responsibilities, the Group considered that (i) the Group is generally the initiator who raise ideas and plans for providing specification, modification or update of the game products or services desired by the game players; (ii) for licensed games, the Group has power to determine game content and to provide game services and products relating to gaming experience to game players; (iii) besides publishing, providing payment solution and marketing promotion, the Group has the right to determine the pricing of in-game virtual items or charge of game downloading (if needed), as well as the selection of Distribution Channels and the Payment Channels. Thus, the Group views game players to be its customers and considers itself as the principal to provide goods or service to game players. Accordingly, the Group records the online game revenue under such arrangements on a gross basis. Commission fees paid to Distribution Channels and Payment Channels and license fees paid to third party game developer (if any) are recorded as cost of revenues.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7. Revenue recognition (continued)

2.7.1. Game operating revenue (continued)

Where the Group is acting as a principal under the free-to-play model, the Group has determined that it is obligated to provide on-going services to game players, who purchased virtual items to gain an enhanced game-playing experience, and accordingly, the Group recognizes the revenues derive from sale of virtual items as below:

Consumable virtual items represent items that are extinguished after consumption in the form of fixed charges levied. The paying players will not continue to benefit from the virtual items thereafter. Revenue is recognised (as a release from contract liabilities) when the items are consumed and the related services are rendered.

Durable virtual items represent items that are accessible and beneficial to paying players over an extended period of time. Revenue is recognised ratably over the average life of durable virtual items for the applicable game, which the Group makes best estimates to be the average playing period of paying players ("Player Relationship Period").

The Group estimates the Player Relationship Period on a game-by-game basis. If there is insufficient data to determine the Player Relationship Period, such as in the case of a newly launched game, it estimates the Player Relationship Period based on other similar types of games developed by the Group or by third party developers until the new game establishes its own patterns and history. The Group considers the games profile, target audience, and its appeal to players of different demographics groups in estimating the 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 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.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7. Revenue recognition (continued)

2.7.2. Game licensing revenue

The Group derives revenue from licensing its self-developed games to game publishers, who operate the Group's mobile games in defined regions or countries within a specific period. The licensing fees normally comprise of non-refundable fixed licensing fees (either up-front or under specific payment schedule) and variable licensing fees calculated based on prescribed terms.

The Group has evaluated the respective roles and responsibilities of the Group and game publishers in the delivery of game experience to players and concluded that game publishers have the primary responsibility in these licensing arrangements as they are responsible for marketing and promotion of the games in the market, hosting the game servers, determining the price of the in-game virtual items, selection of distribution and payment channels and providing customer services, and therefore have exposure to the significant risks and rewards associated with the operation of these games under the licensing arrangements. Accordingly, the variable licensing fees (revenue share), which are calculated based on a prescribed percentage of the proceeds received from game publishers, are recognized as revenue on a net basis when the sales occur. The nonrefundable fixed licensing fees are initially recorded as contract liabilities and are then recognized as revenue rateably over the license period as the licensing arrangements are considered to be right-to-access licensing arrangements.

2.7.3. Information service revenue

Information service revenue mainly represents revenue generated from in-game marketing and promotion services, which mainly comprises revenues derived from performance based in-game marketing and promotion services provided by the Group. Performance based marketing and promotion contracts are signed between the Group and advertisers or their agencies to establish the service to be provided by the Group and relevant performance measures.

Revenue from performance-based in-game marketing and promotion service is recognized when relevant actual performance measures of in-game marketing and promotion services are fulfilled, such as delivery of download, purchase or registration etc.



2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7. Revenue recognition (continued)

2.7.4. Other revenue

The Group also generates revenue from providing technical supporting services and selling game-related merchandise. Revenue is recognized when the service is rendered or related merchandise are delivered and accepted by customers.

2.7.5. Practical expedients applied

The Group generally expenses contract acquisition cost when incurred because the amortization period would have been 1 year or less. Accordingly, the Group does not capitalize any incremental costs to obtain a contract.

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all of the Group's contracts have a duration of one year or less.

2.8. Contract liabilities

Contract liabilities primarily consists of i) the unamortised revenue from sales of virtual items for mobile games, where there is still obligation to be provided by the Group to game players, and ii) the unamortised balance of the initial license fee paid by licensees.



3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

3.1. Financial risk factors

(a) Market risk

Foreign exchange risk

For the Group's subsidiaries in mainland China whose functional currency is RMB, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, net profits would have been approximately RMB9.5 million and RMB12.1 million, higher/lower for the years ended 31 December 2024 and 2025 respectively, as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in USD.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible and may enter into forward foreign exchange contracts, when necessary.

Price risk

The Group is exposed to price risk in respect of long-term and short-term investments measured at fair value through profit or loss held by the Group. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. Each investment is managed by senior management on a case by case basis.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of investments funds, investments in private equity funds, investments in unlisted companies and investments in life insurance policy at the end of each reporting period. If prices of the respective instruments held by the Group had been 5% (2024: 5%) higher/lower as at 31 December 2025, profit for the year would have been approximately RMB63.6 million, RMB0 million, RMB1.9 million, RMB5.4 million and RMB0.1 million (2024: RMB56.6 million, RMB0 million, RMB2.3 million, RMB5.8 million and Nil) higher/lower as a result of fair value changes on investments measured at fair value through profit or loss.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1. Financial risk factors (continued)

(a) Market risk (continued)

Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets or liabilities except for cash and cash equivalents and lease liabilities, and details of which have been disclosed in Note 24 and Note 28 respectively.

The Group's exposure to changes in interest rates is also attributable to its borrowings, details of which have been disclosed in Note 29. All the Group's borrowings were carried at fixed rates, which expose the Group to fair value interest-rate risk.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, short-term investments, trade receivables, deposits and other assets. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) *Credit risk of cash and cash equivalents and short-term investment measured at fair value*

To manage risk arising from cash and cash equivalents and short-term investments, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss is immaterial.

(ii) *Credit risk of trade receivables*

Trade receivables at the end of each reporting period were due from Distribution Channels and game publishers, as well as due from information service customers. If the strategic relationship with Distribution Channels, game publishers and information service customers are terminated or scaled-back, or if they 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 Distribution Channels, game publishers and information service customers to ensure the effective credit control. In view of the history of cooperation with Distribution Channels, game publishers and information service customers and the sound collection history of receivables due from them, the directors of the Group believe that the credit risk inherent in the Group's outstanding trade receivable balances is low.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1. Financial risk factors (continued)

(b) Credit risk (continued)

(iii) *Credit risk of deposits and other assets*

For deposits and other assets, management makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other assets based on historical settlement records and current information.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counter party's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counter party;
- significant increases in credit risk on other financial instruments of the same counter party;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the counter party, including changes in the payment status of debtor in the Group and changes in the operating results of the counter party.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1. Financial risk factors (continued)

(b) Credit risk (continued)

(iii) *Credit risk of deposits and other assets (continued)*

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment or repaying on demand.

A default on a financial asset is when the counterparty fails to make contractual payments/repayable demanded within 180 days of when they fall due.

The Group makes periodic assessment on the credit risk of the deposits and other assets based on the history of cooperation with counterparties settlement records and past experience, the directors believe that the credit risk inherent in the outstanding deposits and other assets due from the debtors is low and has not increased significantly since initial recognition. Based on the assessment, the directors believe that allowance for impairment of deposits and other assets is immaterial to the Group.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categories deposits and other assets for write off when a debtor fails to make contractual payments/repayable demanded greater than 720 days past due. Where deposits and other assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

(c) Liquidity risk

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for: i) all non-derivative financial liabilities and ii) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1. Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year RMB\$'000	Between 1 and 2 years RMB\$'000	Between 2 and 5 years RMB\$'000	Over 5 years RMB\$'000	Total RMB\$'000
As at 31 December 2025					
Non-derivatives					
Trade payables	22,279	-	-	-	22,279
Other payables and accruals (Excluding salaries and benefits payable, and other tax payables)	3,519	5	-	-	3,524
Lease liabilities	8,681	1,942	-	-	10,623
Borrowings	10,229	-	-	-	10,229
	44,708	1,947	-	-	46,655

	Less than 1 year RMB\$'000	Between 1 and 2 years RMB\$'000	Between 2 and 5 years RMB\$'000	Over 5 years RMB\$'000	Total RMB\$'000
As at 31 December 2024					
Non-derivatives					
Trade payables	25,163	-	-	-	25,163
Other payables and accruals (Excluding salaries and benefits payable, and other tax payables)	1,838	2,859	-	-	4,697
Lease liabilities	12,573	7,627	1,598	-	21,798
Borrowings	20,380	-	-	-	20,380
	59,954	10,486	1,598	-	72,038



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2. 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 owners and benefits for other owners and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the directors of the Company consider the cost of capital, and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to owners, return capital to owners, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's risk associated with capital management is low.

3.3. Fair value estimation

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements.

(a) Fair value hierarchy

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in level 2.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3. Fair value estimation (continued)

(a) Fair value hierarchy (continued)

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments mainly include:

- Quoted market prices or dealer quotes for similar instruments;
- Other techniques, various applicable valuation techniques are used to determine fair value for financial instruments (Note 3.3(c)).

As at 31 December 2025 and 2024, none of the Group's financial liabilities are measured at fair value. The following table presents the Group's assets that are measured at fair value as at 31 December 2025 and 2024.

	Note	Level 1 RMB\$'000	Level 2 RMB\$'000	Level 3 RMB\$'000	Total RMB\$'000
As at 31 December 2025					
Financial assets					
Short-term investments measured at fair value through profit or loss	23				
– Investment funds (i)		170,132	–	1,102,707	1,272,839
– Investment in listed company (ii)		236	–	–	236
Long-term investments measured at fair value through profit or loss	20				
– Investments in private equity funds (iii)		–	–	36,781	36,781
– Investments in unlisted companies		–	–	108,618	108,618
– Investments in life insurance policy (iv)		–	–	2,656	2,656
		170,368	–	1,250,762	1,421,130



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3. Fair value estimation (continued)

(a) Fair value hierarchy (continued)

	Note	Level 1 RMB\$'000	Level 2 RMB\$'000	Level 3 RMB\$'000	Total RMB\$'000
As at 31 December 2024					
Financial assets					
Short-term investments measured at fair value through profit or loss	23				
– Investment funds (i)		–	–	1,132,316	1,132,316
– Investment in bonds		13,892	–	–	13,892
Investments in unlisted companies and private equity funds	20				
– Investments in private equity funds (iii)		–	–	45,222	45,222
– Investments in unlisted companies		–	–	116,032	116,032
		13,892	–	1,293,570	1,307,462
Financial liabilities					
Short positions in stocks of listed companies (ii)		–	–	–	–

- (i) The Group invested in investment funds which holds a combination of listed securities as well as bonds, derivatives, wealth management products and term deposits, etc. The maximum exposure to loss for the Group as a result of its involvement with these investments funds (regardless of the probability of the loss being incurred) is equivalent to the carrying amount of these investments funds and there are no capital commitments as at 31 December 2025 and 2024. Fair value of Level 3 investment funds were determined by using various applicable valuation techniques. Changes in fair value of these financial assets had been recognized in "Fair value changes on investments measured at fair value through profit or loss" in the consolidated statement of profit or loss and other comprehensive income.
- (ii) Investment in listed companies represented investments in listed companies' equity securities. Short positions in stocks of listed companies represented the fair value of short positions held in listed companies' equity securities.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3. Fair value estimation (continued)

(a) Fair value hierarchy (continued)

- (iii) The Group invested in a portfolio of private equity funds which focused on investing in various industries as well as term deposits and wealth management products. The maximum exposure to loss for the Group as a result of its involvement with these private equity funds (regardless of the probability of the loss being incurred) is equivalent to the carrying amount of these investments and there are no further capital commitments as at 31 December 2025 (for 2024, see Note 35). Fair value of Level 3 private equity funds were determined by using various applicable valuation techniques. Changes in fair value of these financial assets had been recognized in "Fair value changes on investments measured at fair value through profit or loss" in the consolidated statement of profit or loss and other comprehensive income.
- (iv) The Group entered into contracts with an insurance company which contains life insurance policies to insure against the death of related parties of the Group with insured sum of US\$4,000,000 (equivalent to approximately RMB28,115,200). Under these contracts, the beneficiary and policy holder is the Holding Company. The Group has to pay a one-off premium payment of US\$3,740,013 (equivalent to approximately RMB26,714,538). The Group have a loan with the same insurance company at the same time of amount USD2,800,000 (equivalent to approximately RMB20,000,120), thus the Group has actual paid a one-off premium payment of US\$940,013 (equivalent to approximately RMB6,714,418.43) in current years.

(b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items including investments in Investment fund, unlisted companies and private equity funds for the years ended 31 December 2024 and 2025.

Investment funds

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
At the beginning of the year	1,132,316	982,464
Additions	167,244	476,402
Changes in fair value	143,105	82,313
Redemption/disposal	(319,013)	(423,126)
Currency exchange differences	(20,945)	14,263
At the end of the year	1,102,707	1,132,316
Net unrealized gains	140,271	70,020



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3. Fair value estimation (continued)

- (b) Fair value measurements using significant unobservable inputs (level 3)
(continued)

Investments in unlisted companies and private equity funds

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
At the beginning of the year	161,254	168,546
Additions	3,200	13,561
Changes in fair value	(8,304)	(20,886)
Disposal	(10,698)	–
Currency exchange differences	(53)	33
At the end of the year	145,399	161,254
Net unrealized losses	(8,221)	(20,886)

Life insurance policy

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
At the beginning of the year	–	–
Additions	6,714	–
Changes in fair value	(4,016)	–
Currency exchange differences	(42)	–
At the end of the year	2,656	–



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3. Fair value estimation (continued)

(c) Valuation process and techniques

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case-by-case basis. On annual basis, the team adopts various valuation techniques to determine the fair value of the Group's level 3 instruments.

As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including:

- For investments in investment funds, the Group determines fair values as at the reporting date based on the net asset value of the respective funds provided by fund administrators or fund managers. Where necessary, the Group also assess the reliability of the net asset value to ensure appropriateness.
- For investments in unlisted companies, their fair values have been determined using applicable valuation techniques including comparable companies approach. These valuation approaches require significant judgments, assumptions and inputs, including discount for lack of marketability ("DLOM"), enterprise value to revenue multiple ("EV/Revenue"), trending analysis, etc.
- For investments in private equity funds, the Group determines fair values as at the reporting date based on the net asset values of the funds as at 31 December 2024 and 2025. Where necessary, the Group perform further assessments based on applicable valuation approach. These valuation approaches require significant judgements, assumptions and inputs, including DLOM, EV/Revenue, trending analysis, market information of recent transactions (such as recent fund-raising transactions undertaken by investees) or other exposure, etc.
- The Group has the right to terminate the policy and receive cash back based on the cash value of the policy at the date of termination, which is determined by the premium payment plus accumulated interest earned and minus the accumulated insurance charge and repayment of the borrowing principal and interest. The insurer will declare interest (including the guaranteed interest) to the Group on a monthly basis, based on the amount of account value, at a rate to be determined at insurer's own discretion.

There were no change to valuation techniques during the reporting period.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3. Fair value estimation (continued)

(d) Valuation inputs and relationship to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair value as at 31 December,		Unobservable inputs	Range of inputs as at 31 December,		Relationship of unobservable inputs to fair value
	2025 RMB\$'000	2024 RMB\$'000		2025	2024	
Investments in unlisted companies	106,862	116,032	EV/Revenue multiples	1.15x - 29.26x	1.17x - 3.35x	The higher the EV/Revenue, the higher the fair value
	1,756	-	Trending analysis	40.49%	N/A	The higher the market capitalisation, the higher the fair value
Investments in private equity funds	36,781	45,222	N/A	N/A	N/A	N/A
Investment funds	1,102,707	1,132,316	N/A	N/A	N/A	N/A
Life insurance policy	2,656	-	Surrender cash value (including guaranteed interest) reported by the financial institution on a regular basis	N/A	N/A	The higher the surrender cash value, the higher the fair value



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3. Fair value estimation (continued)

(d) Valuation inputs and relationship to fair value (continued)

If EV/Revenue is 10% higher, the fair value of investments in unlisted companies will be RMB6.4 million and RMB3.5 million higher for the years ended 31 December 2025 and 2024 respectively;

If market capitalisation is 10% higher, the fair value of investments in unlisted companies will be RMB0.05 million higher for the years ended 31 December 2025;

If surrender cash value is 10% higher, the fair value of life insurance policy will be RMB0.23 million higher for the years ended 31 December 2025;

For the fair value of the Group's investments, the sensitivity analysis on equity price risk is performed by management see Note 3.1(a) for details. Management considered that any reasonable changes in the, expected volatility or DLOM would not result in a significant change in the Group's results for the years ended 31 December 2025 and 2024.

4. 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.

4.1. Estimates of Player Relationship Period in the Group's online game services

As described in Note 2.7, the Group recognizes certain revenue from sale of virtual items in online game services ratably over the Player Relationship Period. The determination of 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. Such estimates are subject to re-evaluation on a semi-annual basis. Any adjustments arising from changes in the Player Relationship Period as a result of new information will be accounted for as a change in accounting estimate.



4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.2. Determination of fair value of long-term and short-term investments

The fair value of long-term and short-term investments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets (Note 3.3).

4.3. Principal versus agent considerations

Pursuant to game publishing and operation arrangements signed between the Group and the third party game developers or Distribution Channels, the Group's responsibilities in publishing and operating the licensed games vary for each game. The determination of whether to record these revenues using gross or net basis is based on an assessment of various factors, including but not limited to whether the Group (i) is the primary obligor to the game developers and game players in the arrangements; (ii) has latitude in establishing the selling price of virtual items; (iii) changes the products or performs part of the services; (iv) has involvement in the determination of product and service specifications; and (v) has the rights to determine Distribution Channels and Payment Channels.

4.4. Income tax

The Group is subject to income taxes in the PRC and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.



5. SEGMENT INFORMATION AND REVENUE

The Group's business activities for game operating, licensing and information services, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. As a result of this evaluation, the directors of the Company consider that the Group's operation is operated and managed as a single segment and no segment information is presented, accordingly.

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

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

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Game operating revenues		
– Self-developed	282,812	365,175
– Licensed	158,062	228,258
Subtotal	440,874	593,433
Game licensing revenue	5,511	11,060
Information service revenue	5,499	16,261
Other revenue	4,193	7,208
Total revenues	456,077	627,962
Cost of revenues	(194,790)	(264,847)
Gross profit	261,287	363,115
Gross margin	57%	58%

Revenues of approximately RMB24 million and RMB11 million for the years ended 31 December 2024 and 2025, respectively, were from five largest single customers.

During the years ended 31 December 2024 and 2025, none of single customers individually exceeded 10% of the Group's revenue.



5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

The table below sets forth a breakdown of the Group's revenue by timing of recognition for the years ended 31 December 2024 and 2025, respectively:

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Over the time	195,754	264,916
At a point in time	260,323	363,046
	456,077	627,962

The table below sets forth a breakdown of the Group's total revenue by geographical areas for the years ended 31 December 2024 and 2025, respectively:

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Mainland China	259,115	352,084
Other areas (a)	196,962	275,878
Total	456,077	627,962

(a) Revenue from other areas mainly include revenue from local versions operated in Japan, the United States of America, Canada, Australia, New Zealand, Hong Kong, Macau and Taiwan Province.



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6. EXPENSES BY NATURE

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Marketing and promotion expenses	60,828	164,213
Employee benefits expenses (Note 7)	184,492	191,028
Commissions charged by distribution channels	100,423	136,066
Commissions charged by game developers and IP holders	44,572	58,061
Impairment of non-financial assets (Note 21)	13,503	22,467
Impairment of intangible assets (Note 16)	308	–
Impairment of property, plant and equipment (Note 14)	469	–
Bandwidth and server custody fee	14,647	18,016
Outsourced technical services	6,646	11,282
Professional services fee	6,440	9,374
Office expenses	8,212	10,476
Depreciation of right-of-use assets (Note 15)	8,570	10,464
Depreciation of property, plant and equipment (Note 14)	5,682	5,345
Amortization of intangible assets (Note 16)	660	295
Auditor remuneration		
– Audit service	2,700	2,700
– Non-audit service	280	102
Commissions charged by payment channel	1,284	1,705
Tax surcharges	513	1,159
Rental expenses and utilities	1,670	1,382
Others	1,789	3,727
Total	463,688	647,862



7. EMPLOYEE BENEFITS EXPENSES

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	158,125	164,876
Pension and other social security costs	24,405	23,298
Other benefits	1,962	2,854
Total	184,492	191,028

(a) Pension and other social security costs

During the years ended 31 December 2024 and 2025, there were no forfeited contributions under the defined contribution schemes. Accordingly, no forfeited contribution was utilized during the year, and there was no forfeited contribution available as at 31 December 2025, to reduce the level of contributions.

(b) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

	Year ended 31 December 2025					Total RMB'000
	Director fees RMB'000	Wages, salaries and bonuses RMB'000	Pension and other social security costs RMB'000	Share-based compensation RMB'000	Other benefits RMB'000	
Chairman						
Yang Xu	-	2,575	94	-	-	2,669
Executive directors						
Huang Zhiqiang	-	3,257	94	-	-	3,351
Zeng Xiangshuo	-	1,632	94	-	-	1,726
Liu Siming	-	2,707	146	-	-	2,853
Independent non-executive directors						
Lam Sing Kwong Simon	180	-	-	-	-	180
Fang Weijin	180	-	-	-	-	180
Yuan Yuan (i)	180	-	-	-	-	180
Total	540	10,171	428	-	-	11,139



7. EMPLOYEE BENEFITS EXPENSES (CONTINUED)

(b) Directors' and chief executive's emoluments (continued)

	Year ended 31 December 2024					
	Director fees	Wages, salaries and bonuses	Pension and other social security costs	Share-based compensation	Other benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman						
Yang Xu	-	2,572	91	-	-	2,663
Executive directors						
Huang Zhiqiang	-	3,257	91	-	-	3,348
Zeng Xiangshuo	-	1,632	91	-	-	1,723
Liu Siming	-	2,707	146	-	-	2,853
Independent non-executive directors						
Lam Sing Kwong Simon	185	-	-	-	-	185
Fang Weijin	185	-	-	-	-	185
Yuan Yuan (i)	185	-	-	-	-	185
Total	555	10,168	419	-	-	11,142

(i) Mr. Zhang Longgen resigned on October 17, 2023. Mr. Yuan Yuan was appointed as independent non-executive director of the Company on October 17, 2023.

(ii) Benefits and interests of directors

Except for disclosed above, there is no other benefit offered to the directors.

(iii) Directors' retirement and termination benefits

No director's retirement or termination benefit subsisted at the end of each year disclosed or at any time during the years ended 31 December 2024 and 2025.



7. EMPLOYEE BENEFITS EXPENSES (CONTINUED)

(b) Directors' and chief executive's emoluments (continued)

(iv) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available director's services subsisted at the end of each year disclosed or at any time during the years ended 31 December 2024 and 2025.

(v) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 December 2024 and 2025, there are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors.

(vi) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to 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 or at any time during the years ended 31 December 2024 and 2025.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2024 and 2025, include 4 directors whose emoluments are reflected in the analysis presented above. The aggregate amounts of emoluments for the remaining 1 individual for each of the years ended 31 December 2024 and 2025 respectively, are set out below:



7. EMPLOYEE BENEFITS EXPENSES (CONTINUED)

(c) Five highest paid individuals (continued)

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	1,507	1,507
Contribution to pension scheme	94	89
Discretionary bonuses	125	125
Total	1,726	1,721

	Year ended 31 December,	
	2025	2024
Emolument bands (in HKD) HKD1,500,001 – HKD2,000,000	1	1
Total	1	1

There were no amount paid or payable by the Group to the directors set out in note 7(b) or any of the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.



8. FAIR VALUE CHANGES ON INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Fair value changes on long-term investments measured at fair value through profit or loss (<i>Note 20</i>)	(12,320)	(20,886)
Fair value changes on short-term investments measured at fair value through profit or loss (<i>Note 23</i>)	146,706	83,069
Fair value changes on derivative instruments (<i>Note 23</i>)	151	–
Fair value changes on short positions in stocks of listed companies (<i>Note 23</i>)	–	(1,268)
Total	134,537	60,915

9. OTHER INCOME

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Government subsidies	2,105	4,311
Dividend distribution from long-term investments measured at fair value through profit or loss	570	1,812
Other	413	–
Total	3,088	6,123

There are no unfulfilled conditions or contingencies related to the above government subsidies.



10. OTHER LOSSES, NET

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Foreign exchange losses, net	(3,442)	(4,353)
Donations to charity organizations	(68)	(296)
Others	(123)	(97)
Total	(3,633)	(4,746)

11. FINANCE INCOME, NET

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Finance income		
Interest income from bank deposits	8,944	12,142
Finance costs		
Bank charges	(646)	(650)
Interest expenses on lease liabilities	(663)	(1,078)
Interest expenses on bank borrowings	(432)	(407)
Finance income, net	7,203	10,007



12. INCOME TAX CREDIT/(EXPENSES)

Cayman Islands

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in British Virgin Islands are not subject to tax on their income or capital gains.

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit in respect of operations in Hong Kong.

PRC corporate income tax ("CIT")

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% during the years ended 31 December 2024 and 2025.

Certain subsidiaries of the Group in the PRC, accordingly, are qualified as "high and new technology enterprise" and entitled to a preferential income tax rate of 15% during the years ended 31 December 2024 and 2025.

In addition, certain subsidiaries of the Company were entitled to other tax concessions, mainly including the preferential tax rate of 15% applicable to some subsidiaries located in certain areas of the Mainland China upon fulfilment of certain requirements of the respective local governments.

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their 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 2024, and 2025.



12. INCOME TAX CREDIT/(EXPENSES) (CONTINUED)

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% in certain circumstances.

Since the Group intends to permanently reinvest earnings from QC Digital Group to further expand its businesses in the PRC, it does not intend to declare dividends to its immediate foreign holding entities in the foreseeable future. Accordingly, no deferred income tax liability in relation with WHT was accrued as at the end of each reporting period. Cumulative undistributed earnings of the Company’s PRC subsidiaries intended to be permanently reinvested were approximately RMB 241 million as at 31 December 2025.

The income tax of the Group for the years ended 31 December 2024 and 2025 is analyzed as follows:

	Year ended 31 December,	
	2025 RMB’000	2024 RMB’000
Current income tax	429	6,494
Deferred income tax (Note 17)	7,738	(6,596)
Total income tax expenses/(credit)	8,167	(102)

The tax on the Group’s profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended 31 December 2024 and 2025, being the statutory tax rate of the major subsidiaries of the Group.



12. INCOME TAX CREDIT/(EXPENSES) (CONTINUED)

PRC Withholding Tax ("WHT") (continued)

The difference is analysed as follows:

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Profit before income tax	131,506	47,026
Tax calculated at statutory income tax rate of 25% in mainland China	32,877	11,757
Tax effects of:		
Effect of different tax rates available to different jurisdictions	(8,072)	(3,527)
Preferential income tax rates applicable to subsidiaries	(6,836)	(8,445)
Expenses not deductible for income tax purposes	1,799	1,415
Non-taxable income	(33,661)	(18,825)
Super Deduction for research and development expenses	(12,616)	(13,214)
Previous years used tax losses	(3,833)	–
Tax losses for which no deferred income tax assets were recognized	36,463	19,961
Temporary differences for which no deferred income tax assets were recognized, net	4,719	11,763
Over provision in respect of previous years	(2,673)	(987)
Total income tax expenses/(credit)	8,167	(102)

13. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of outstanding shares during the years ended 31 December 2024 and 2025.

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Profit attributable to ordinary shareholders of the Company (RMB'000)	121,749	51,120
Weighted average number of outstanding ordinary shares	691,330,500	691,330,500
Basic earnings per share (RMB)	0.18	0.07



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Servers and other equipment RMB'000	Furniture and appliances RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January, 2025					
Cost	1,170	12,193	8,516	10,856	32,735
Accumulated depreciation	(1,170)	(6,909)	(4,200)	(6,401)	(18,680)
Net book amount	-	5,284	4,316	4,455	14,055
Year ended 31 December, 2025					
Opening net book amount	-	5,284	4,316	4,455	14,055
Additions	-	649	726	1,790	3,165
Depreciation (Note 6)	-	(1,296)	(1,640)	(2,746)	(5,682)
Disposal	-	-	(788)	-	(788)
Impairment (Note 6)	-	(469)	-	-	(469)
Written off	-	(59)	-	-	(59)
Currency exchange differences	-	(10)	-	-	(10)
Closing net book amount	-	4,099	2,614	3,499	10,212
At 31 December 2025					
Cost	79	14,721	7,728	12,646	35,174
Accumulated Impairment	-	(469)	-	-	(469)
Accumulated depreciation	(79)	(10,153)	(5,114)	(9,147)	(24,493)
Net book amount	-	4,099	2,614	3,499	10,212

Note:

During the year ended 31 December 2025, the Group fully wrote off servers and other equipment with cost of RMB1,091,000 and accumulated depreciation of RMB1,091,000, resulting in no impact in the consolidated statement of profit or loss and other comprehensive income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Servers and other equipment RMB'000	Furniture and appliances RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January, 2024					
Cost	1,170	10,990	8,259	9,902	30,321
Accumulated depreciation	(1,170)	(4,786)	(2,849)	(4,375)	(13,180)
Net book amount	–	6,204	5,410	5,527	17,141
Year ended 31 December, 2024					
Opening net book amount	–	6,204	5,410	5,527	17,141
Additions	–	1,203	257	954	2,414
Depreciation (Note 6)	–	(1,968)	(1,351)	(2,026)	(5,345)
Disposal	–	(78)	–	–	(78)
Written off	–	(52)	–	–	(52)
Currency exchange differences	–	(25)	–	–	(25)
Closing net book amount	–	5,284	4,316	4,455	14,055
At 31 December 2024					
Cost	1,170	12,193	8,516	10,856	32,735
Accumulated depreciation	(1,170)	(6,909)	(4,200)	(6,401)	(18,680)
Net book amount	–	5,284	4,316	4,455	14,055



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Cost of revenues	945	734
Selling and marketing expenses	1,773	1,244
Research and development expenses	1,696	2,212
General and administrative expenses	1,268	1,155
	5,682	5,345



15. RIGHT-OF-USE ASSETS

	Properties RMB'000
At 1 January, 2024	
Cost	46,539
Accumulated depreciation	(24,017)
Net book amount	22,522
Year ended 31 December 2024	
Opening net book amount	22,522
Additions	6,709
Depreciation (Note 6)	(10,464)
Currency exchange differences	(488)
Closing net book amount	18,279
At 31 December 2024 and 1 January, 2025	
Cost	53,248
Accumulated depreciation	(34,969)
Net book amount	18,279
Year ended 31 December 2025	
Opening net book amount	18,279
Additions	1,100
Depreciation (Note 6)	(8,570)
Early termination	(860)
Lease modification	(1,309)
Currency translation differences	–
Closing net book amount	8,640
At 31 December 2025	
Cost	52,179
Accumulated depreciation	(43,539)
Net book amount	8,640



15. RIGHT-OF-USE ASSETS (CONTINUED)

The consolidated statement of comprehensive income and the consolidated statement of cash flows contain the following amounts relating to leases:

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets	8,570	10,464
Interest expenses	663	1,078
Expenses relating to short-term leases	1,204	1,382
The cash outflow for leases payment related to short-term lease as operating activities	744	837
The cash outflow for leases as financing activities	9,856	11,597

16. INTANGIBLE ASSETS

	License RMB'000
At 1 January, 2024	
Cost	–
Accumulated depreciation	–
Net book amount	–
Year ended 31 December 2024	
Opening net book amount	–
Additions	1,834
Amortization (Note 6)	(295)
Currency exchange differences	(3)
Closing net book amount	1,536
At 31 December 2024	
Cost	1,834
Accumulated depreciation	(298)
Net book amount	1,536



16. INTANGIBLE ASSETS (CONTINUED)

	License RMB'000
At 1 January, 2025	
Cost	1,834
Accumulated depreciation	(298)
Net book amount	1,536
Year ended 31 December 2025	
Opening net book amount	1,536
Additions	453
Depreciation (Note 6)	(660)
Impairment (Note 6)	(308)
Currency exchange differences	(23)
Closing net book amount	998
At 31 December 2025	
Cost	2,245
Accumulated depreciation	(944)
Accumulated Impairment	(303)
Net book amount	998



17. DEFERRED INCOME TAXES

The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

Deferred tax assets

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
The balance comprises temporary differences attributable to:		
– Lease liabilities	992	2,075
– Tax losses	4,726	7,626
– Impairment of non-financial assets	1,676	5,884
– Short-term investments measured at fair value through profit or loss	–	2,336
– Marketing and promotion expenses	11,365	10,634
– Loss allowance for financial assets	140	9
– Contract liabilities	3,191	2,441
– Temporary difference related to payroll payables	781	781
Total gross deferred tax assets	22,871	31,786
Set-off of deferred tax liabilities pursuant to set-off provisions	(918)	(1,945)
Net deferred tax assets	21,953	29,841

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Deferred tax assets:		
– to be recovered within 12 months	12,935	12,049
– to be recovered after 12 months	9,018	17,792
	21,953	29,841



17. DEFERRED INCOME TAXES (CONTINUED)

Deferred tax liabilities

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
The balance comprises temporary differences attributable to:		
– Right-of-use assets	918	1,966
Total gross deferred tax liabilities	918	1,966
Set-off of deferred tax assets pursuant to set-off provisions	(918)	(1,945)
Net deferred tax liabilities	–	21

The movement on the gross deferred income tax assets is as follows:

	Tax losses RMB'000	Net impairment losses on non-financial assets RMB'000	Loss allowance for financial assets RMB'000	Short-term investments measured at fair value through profit or loss RMB'000	Marketing and promotion expenses RMB'000	Lease liabilities RMB'000	Contract liabilities RMB'000	Temporary difference related to payroll payables RMB'000	Total RMB'000
At 1 January, 2024	2,995	4,053	10	–	12,271	549	3,500	849	24,227
Credited/(charged) to consolidated income statement	5,090	1,831	(1)	2,336	(1,637)	1,533	(1,059)	(68)	8,025
Currency exchange differences	(459)	–	–	–	–	(7)	–	–	(466)
At 31 December 2024 and 1 January, 2025	7,626	5,884	9	2,336	10,634	2,075	2,441	781	31,786
Credited/(charged) to consolidated income statement	(2,778)	(4,208)	139	(2,336)	731	(1,088)	750	–	(8,790)
Currency exchange differences	(122)	–	(8)	–	–	5	–	–	(125)
At 31 December 2025	4,726	1,676	140	–	11,365	992	3,191	781	22,871



17. DEFERRED INCOME TAXES (CONTINUED)

Deferred tax liabilities (continued)

The movement on the gross deferred income tax liabilities is as follows:

Deferred tax liabilities	Right-of-use assets RMB'000
At 31 December 2023 and 1 January 2024	543
Charged to consolidated income statement	1,429
Currency exchange differences	(6)
At 31 December 2024 and 1 January, 2025	1,966
Credited to consolidated income statement	(1,052)
Currency exchange differences	4
At 31 December 2025	918

The Group only recognizes deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at 31 December 2024 and 2025, the Group did not recognize deferred income tax assets of RMB84.39 million and RMB121.05 million, in respect of cumulative tax losses amounting to RMB337.56 million and RMB504.73 million. These tax losses in Mainland China will expire from 2027 to 2031.



18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	32,863	38,236
Additions (a)	51	–
Dividend	(300)	–
Share of results of investments accounted for using equity method	1,317	(397)
Impairment (b)	(2,882)	(4,976)
Currency exchange differences	(15)	–
At the end of the year	31,034	32,863

(a) During the year ended 31 December 2025, the Group obtained 10% shares of two unlisted companies which mainly engaged in enterprise management and psychological consulting with a consideration of RMB50,000 and HKD1,000 respectively. The Group had significant influence in these unlisted companies.

(b) The Group regularly carries out impairment indicator assessment on the associates.

During the years ended 31 December 2025 and 2024, certain associates faced significant difficulties in business and finance, mainly due to changing of market, unsatisfying research and development status and struggling cash flows. Those associates were under-performed in both operation and financial results and showed impairment indicators. Management reviewed the financial and business outlook of those associates and determined the recoverable amounts of those investments based on their net asset value and value in use and made impairment provision of approximately RMB 2.9 million and RMB5.0 million against the carrying amounts of these investments in associates for the years ended 31 December 2025 and 2024 respectively.

(c) The Group has interests in a number of individually immaterial investments that are accounted for using the equity method.

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of individually immaterial investments	31,034	32,863
Aggregate amounts of the Group's share of:		
– Net loss	1,317	(397)



19. FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Assets as per consolidated statement of financial position		
Financial assets at fair value through profit or loss:		
– Long-term investments measured at fair value through profit or loss (Note 20)	148,055	161,254
– Short-term investments measured at fair value through profit or loss (Note 23)	1,273,075	1,146,208
	1,421,130	1,307,462
Financial assets at amortized costs:		
– Trade receivables (Note 22)	29,001	39,198
– Deposits and other assets	12,705	15,596
– Cash and cash equivalents (Note 24)	444,310	449,975
	486,016	504,769
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortized costs:		
– Lease liabilities (Note 28)	9,756	20,558
– Borrowings (Note 29)	10,000	19,974
– Trade payables (Note 30)	22,279	25,163
– Other payables (excluding salaries and benefits payable and other tax payables) (Note 31)	3,524	4,697
	45,559	70,392



20. LONG-TERM INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Investments in unlisted companies	108,618	116,032
Investments in private equity funds	36,781	45,222
Investments in life insurance policies	2,656	–
	148,055	161,254

As at 31 December 2024 and 2025, long-term investments measured at fair value through profit or loss mainly represented: 1) investments in unlisted companies without significant influence; 2) equity investments in private equity funds in which the Group act as limited partners without significant influence. The Group has determined the fair value of these financial assets based on certain valuation techniques as disclosed in Note 3.3.

Movements in long-term investments measured at fair value through profit or loss during the years ended 31 December 2024 and 2025, are as follows:

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
At the beginning of the year	161,254	168,546
Addition	9,914	13,561
Change in fair value (Note 8)	(12,320)	(20,886)
Disposal (Note 33)	(10,698)	–
Currency exchange differences	(95)	33
At the end of the year	148,055	161,254



21. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Non-current		
Prepayments for game licenses (a)	23,173	34,506
Rental and other deposits	676	1,857
	23,849	36,363
Current		
Prepayments for sharing of proceeds (a)	38,410	12,218
Prepayments for marketing and promotion services	1,976	5,000
Deposits in stock accounts	491	753
Loans due from third parties	–	4,000
Other receivables from investments	3,675	–
Prepayments to service providers	6,364	5,125
Amounts due from related parties (Note 35(c)(iv))	–	33
Rental and other deposits	1,810	1,671
Loans due from employees	4,061	3,060
Prepayments for investment	–	14,377
Others	2,472	4,296
Less: allowance for impairment	(480)	(74)
	58,779	50,459

- (a) The Group licenses online games from game developers and pays game license fees and sharing of proceeds earned from selling in-game virtual items to game developers. The prepayments for game license fees are transferred to intangible assets when the Group receives related licensed games. The prepayments for sales-based sharing of proceeds are expensed and recorded into cost of revenues on incurred basis.

The Group regularly assesses impairment indicator as set out in Note 2.4. During the year ended 31 December 2025, the Group assessed the recoverable amounts of these prepayments based on value in use and made impairment provision for and write-off certain prepayments to game developers for licenses and sharing of proceeds of RMB13.50 million (2024: RMB22.47 million), mainly due to underperformance of game developing status, testing or operating results of the relevant games.



22. TRADE RECEIVABLES

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Distribution channels	24,419	31,826
Game publishers	686	4,449
Information service customers	2,603	2,348
Others	1,404	610
	29,112	39,233
Less: allowance for impairment	(111)	(35)
	29,001	39,198

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Third parties	28,426	34,784
Related parties	686	4,449
	29,112	39,233
Less: allowance for impairment	(111)	(35)
	29,001	39,198



22. TRADE RECEIVABLES (CONTINUED)

- (a) Distribution Channels and game publishers and information service customers usually settle the amounts within 30–60 days. Aging analysis of trade receivables based on the recognition date of the gross trade receivables at the respective reporting dates are as follows:

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Within 3 months	27,726	36,785
3 months to 6 months	571	1,682
6 months to 1 year	576	762
1 to 2 years	239	4
	29,112	39,233

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the shared credit risk characteristics and the days past due of each type of the trade receivables to measure the expected credit losses. During the years ended 31 December 2024 and 2025, the expected loss rate for related parties trade receivables is low and immaterial, and the expected credit loss rates for third-parties trade receivables are determined according to provision matrix as follows:

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Within 3 months	0.10%	0.06%
3 months to 6 months	0.87%	0.84%
6 months to 1 year	4.95%	4.77%
1 to 2 years	20.74%	20.00%
Over 2 years	100.00%	100.00%

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2024 and 2025 respectively and the corresponding historical credit losses experienced within the period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified growth rate of Gross Domestic Product and IT & Information Service Output Price Index of the countries in which it operates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.



22. TRADE RECEIVABLES (CONTINUED)

(b) (continued)

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

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
At the beginning of the year	35	36
Provision	113	35
Reversal	(35)	(36)
Currency exchange differences	(2)	–
At the end of the year	111	35

The provisions and reversal of provisions for impaired receivables have been included in "Net impairment losses on financial assets" in the consolidated statement of comprehensive income.

- (c) The directors of the Group considered that the carrying amounts of the trade receivables balances approximated their fair value as at 31 December 2024 and 2025.
- (d) The carrying amount of the Group's trade receivables is denominated in the following currencies:

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
USD	16,411	15,904
RMB	7,848	11,490
HKD	3,138	5,629
JPY	338	5,606
AUD	956	–
SGD	421	604
	29,112	39,233

- (e) The maximum exposure to credit risk as at 31 December 2024 and 2025 was the carrying value of the trade receivables. The Group did not hold any collateral as security.



23. SHORT-TERM INVESTMENTS/(LIABILITIES) MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets/(liabilities) measured at fair value through profit or loss (current) are investment in listed companies, short positions in stocks of listed companies, investment funds and investment in bonds of which principal and returns are not guaranteed. Fair value measurement are as disclosed in Note 3.3.

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Financial assets		
At the beginning of the year	1,146,208	988,852
Additions	348,402	534,756
Change in fair value (Note 8)	146,706	83,069
Redemption	(343,860)	(474,896)
Currency translation differences	(24,381)	14,427
At the end of the year	1,273,075	1,146,208

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Financial liabilities – derivative instruments		
At the beginning of the year	–	–
Change in fair value (Note 8, Note 3.3(a))	151	–
Redemption	(151)	–
At the end of the year	–	–



23. SHORT-TERM INVESTMENTS/(LIABILITIES) MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Financial liabilities – Short positions in stocks of listed companies		
At the beginning of the year	–	(7,671)
Additions	–	(64,362)
Change in fair value (Note 8)	–	(1,268)
Redemption	–	73,343
Currency translation differences	–	(42)
At the end of the year	–	–

24. CASH AND CASH EQUIVALENTS

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Cash on hand and cash in bank	337,100	375,686
Term deposits with initial term of over one year (i)	10,000	–
Term deposits with initial terms within three months	93,483	69,290
Cash held by other financial institutions (ii)	3,727	4,999
	444,310	449,975

- (i) As of December 31, 2025, the Group held a certificate of deposit in Agricultural Bank of China in the amount of RMB10,000,000, with an annual interest rate of 2.35% and a term of three years. Although the deposit has a fixed term, it can be transferred to a third party at any time without additional fees. Therefore, the deposit is classified as current cash and cash equivalents.
- (ii) As at 31 December 2024 and 2025, the Group had certain amounts of cash held in accounts managed by other financial institutions, such as Alipay and WeChat Pay in connection with the provision of online and mobile payment services which have been classified as cash and cash equivalents on the consolidated statements of financial position.



24. CASH AND CASH EQUIVALENTS (CONTINUED)

- (iii) The Group's cash and cash equivalents denominated are deposited with banks in the Mainland China and Hong Kong, respectively. The conversion of the RMB denominated balances into foreign currencies, which are placed within the PRC, is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

Cash and cash equivalents are denominated in the following currencies:

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
USD	241,564	213,311
RMB	112,195	156,606
JPY	20,169	31,668
HKD	63,140	44,908
SGD	6,458	2,924
AUD	422	558
KRW	362	–
	444,310	449,975

25. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares '000	Nominal value of shares USD'000	Equivalent nominal value of shares RMB\$'000	Share premium RMB\$'000
Authorised				
As at 31 December 2024 and 2025	5,000,000	50	–	–
Issued				
As at 31 December 2024 and 2025	691,331	7	44	5,117,821



26. OTHER RESERVES

	Capital reserve RMB\$'000	Statutory reserves RMB\$'000	Share-based compensation expenses RMB\$'000	Currency translation differences RMB\$'000	Total RMB\$'000
As at 1 January, 2024	(3,139,354)	11,422	70,536	146,548	(2,910,848)
Currency translation differences	–	–	–	17,126	17,126
As at 31 December 2024	(3,139,354)	11,422	70,536	163,674	(2,893,722)
As at 1 January, 2025	(3,139,354)	11,422	70,536	163,674	(2,893,722)
Currency translation differences	–	–	–	(30,255)	(30,255)
Acquisition of minority shareholder equity	1,315	–	–	–	1,315
As at 31 December 2025	(3,138,039)	11,422	70,536	133,419	(2,922,662)

27. CONTRACT LIABILITIES

Contract liabilities primarily consists of the unamortised revenue from sales of virtual items for mobile games, where there is still obligation to be provided by the Group to game players.

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Game operating	44,461	38,849

The following table shows the amount of revenue recognized in the consolidated statements of comprehensive income for the respective years relating to contract liabilities brought forward:

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the year		
Game operating	38,849	42,090
	38,849	42,090



28. LEASE LIABILITIES

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Minimum lease payments due		
– Within 1 year	8,681	12,573
– Between 1 and 2 years	1,942	7,627
– Between 2 and 5 years	–	1,598
	10,623	21,798
Less: future finance charges	(867)	(1,240)
Present value of lease liabilities	9,756	20,558

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Lease liabilities		
–Within 1 year	7,932	11,864
–Between 1 and 2 years	1,824	7,148
–Between 2 and 5 years	–	1,546
	9,756	20,558



29. BORROWINGS

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Included in non-current liabilities		
RMB bank borrowings – unsecured	–	–
Included in current liabilities		
RMB bank borrowings – unsecured	10,000	19,974
	10,000	19,974

In January 2023, the Group entered into unsecured three-year loan agreements with certain financial institutions and borrowed RMB20,000,000, bearing a fixed interest rate of 2.00% per annum and repayable by end of 2025. Pursuant to the loan agreements, these loans can only be used in research and development.

In November 2025, the Group entered into unsecured eleven months loan agreements with bank and borrowed RMB10,000,000, bearing a fixed interest rate of 2.50% per annum and repayable by end of 2026.

During the year ended 31 December 2025, the Group repaid bank borrowings amounting to RMB19,974,000. As at 31 December 2025, the borrowing balance of RMB10,000,000 was reclassified to current liabilities as the borrowings will be repayable within 12 months.

30. TRADE PAYABLES

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Trade payables	22,279	25,163

Trade payables are primarily sharing of proceeds due to game developers and IP holders, advertisement and related to the purchase of services for server custody. The credit terms of trade payables granted to the Group are usually 30 to 90 days.



30. TRADE PAYABLES (CONTINUED)

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

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
RMB	18,883	23,695
USD	2,080	1,032
JPY	968	189
AUD	73	25
HKD	253	28
KRW	22	194
	22,279	25,163

As at 31 December 2024 and 2025, the fair value of trade payables approximated to their carrying amount.

Aging analysis of trade payables based on the recognition date of the trade payables at the respective reporting dates are as follows:

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Within 3 months	13,999	19,896
Over 3 months	8,280	5,267
	22,279	25,163



31. OTHER PAYABLES AND ACCRUALS

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Salaries and benefits payables	51,146	52,968
Payables for professional fee	3,398	4,130
Other tax payables	8,959	7,058
Others	126	567
	63,629	64,723

The carrying amount of the Group's other payables is denominated in the following currencies:

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
RMB	49,326	60,197
USD	13,696	4,209
AUD	219	119
JPY	237	188
KRW	144	—
HKD	7	10
	63,629	64,723

32. DIVIDEND DISTRIBUTION

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Dividend distribution	—	—

No dividend has been paid or declared by the Company during the year ended 31 December 2025.



33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Notes	Year ended 31 December,	
		2025 RMB\$'000	2024 RMB\$'000
Profit for the year		123,339	47,128
Adjustments for			
Income tax expense		8,167	(102)
Depreciation and amortization	6	14,912	16,104
Net impairment losses on financial assets		513	(132)
Impairment of non-financial assets	6	13,503	22,467
Impairment of intangible assets		308	–
Impairment of property, plant and equipment		469	–
Share of results of investments accounted for using equity method	18	(1,317)	397
Dividend income	9	(570)	(1,812)
Interest income	11	(8,944)	(12,142)
Fair value changes on investments measured at fair value through profit or loss	8	(134,537)	(60,915)
Finance costs, net	11	1,741	2,135
Loss on written off PPE	14	59	52
Losses on impairment of investments accounted for using the equity method	18	2,882	4,976
Gain on lease modification and early termination		(451)	–
Net exchange differences	10	3,442	4,353
		23,516	22,509
Changes in working capital			
– Trade receivables		9,684	30,510
– Prepayments, deposits and other assets		(3,992)	37,172
– Inventories		(499)	319
– Trade payables		(4,363)	(52,817)
– Contract liabilities		5,612	(3,075)
– Other payables and accruals		(1,094)	(17,279)
Cash generated from operations		28,864	17,341



33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Net debt reconciliation

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Cash and cash equivalents	444,310	449,975
Lease liabilities (current and non-current)	(9,756)	(20,558)
Borrowings (current and non-current)	(10,000)	(19,974)
Net cash	424,554	409,443

	Cash and cash equivalents RMB\$'000	Lease liabilities RMB\$'000	Borrowings RMB\$'000	Total RMB\$'000
As at 1 January, 2025	449,975	(20,558)	(19,974)	409,443
Cash flows	715	9,856	20,719	31,290
Proceeds from borrowings	-	-	(10,000)	(10,000)
Increase of right-of-use assets	-	1,100	-	1,100
Accrual interest	-	(663)	(745)	(1,408)
Gain on lease modification and early termination	-	451	-	451
Currency translation differences	(6,380)	58	-	(6,322)
As at 31 December 2025	444,310	(9,756)	(10,000)	424,554



33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Net debt reconciliation (continued)

	Cash and cash equivalents RMB\$'000	Lease liabilities RMB\$'000	Borrowings RMB\$'000	Total RMB\$'000
As at 1 January 2024	538,003	(24,386)	(19,987)	493,630
Cash flows	(87,432)	11,597	13	(75,822)
Increase of right-of-use assets	-	(6,709)	-	(6,709)
Accrual interest	-	(1,078)	-	(1,078)
Currency translation differences	(596)	18	-	(578)
As at 31 December 2024	449,975	(20,558)	(19,974)	409,443

34. COMMITMENTS

(a) Capital commitments

The Group made capital expenditure in respect of long-term equity investments as at 31 December 2024 and 2025. The Group has commitments to make the following future installments under non-cancellable agreements are as follows:

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Capital investment in investees	-	-



35. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are under control or joint control by the same party. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The following companies are related parties of the Group that had material transactions and/or balances with the Group during the years ended 31 December 2024 and 2025.

Name of related parties	Relationship
Shenzhen Hot Zone Network Technology Co., Ltd.	Associate
Shenzhen Jishiwu Technology Co., Ltd.	Associate
Guangzhou Jodo Information and Technology Co., Ltd.	Related party
Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary	Related party
Shanghai Tuxian network technology Co., Ltd.	Associate
Chengdu Lemai Interactive Technology Co., Ltd.	Related party
Beijing Zhijianlvdong network Technology Co., Ltd.	Associate
Chengdu Weimei Interactive Technology Co., Ltd.	Related party
G-bits Group (1)	Shareholder

- (1) *G-bits Network Technology (Xiamen) Co., Ltd. ("G-bits Xiamen") is a shareholder of the Company. G-bits Group represents G-bits Xiamen and its subsidiaries, including Shenzhen Leiting Information Technology Co., Ltd., Xiamen Leiting Network Technology Co., Ltd. and Hongkong Leiting Information Technology Co., Ltd.*



35. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant transactions with related parties

(i) Game licensing revenue

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
G-bits Group	5,384	10,943

(ii) Information service revenue

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
G-bits Group	861	1,389

(iii) Commission to game developers

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary	11,829	29,823
Shenzhen Hot Zone Network Technology Co., Ltd.	15,137	10,177
Shenzhen Jishiwu Technology Co., Ltd.	3,665	2,728
Beijing Zhijianlvdong network Technology Co., Ltd.	1,671	2,491
G-bits Group	999	2,287
	33,301	47,506



35. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant transactions with related parties (continued)

(iv) Marketing and promotion expenses

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary	3,926	6,426
Guangzhou Jodo Information and Technology Co., Ltd.	710	3,971
G-bits Group	494	2,286
	5,130	12,683

(v) Rental expenses

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
G-bits Group	2,078	2,438



35. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Year end balances with related parties

(i) Trade receivables from related parties

	Year ended 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Game publishing		
G-bits Group	686	4,449

The above balances with related parties were mainly denominated in RMB and USD. They were unsecured, trade in nature, non-interest bearing and repayable to the Group on demand.

(ii) Trade payables to related parties

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Commissions charged by game developers		
Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary	8,831	7,428
Shenzhen Hot Zone Network Technology Co., Ltd.	1,534	1,528
Shenzhen Jishiwu Technology Co., Ltd.	883	2,824
Beijing Zhijianlvdong network Technology Co., Ltd.	163	538
Marketing and promotion		
Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary	9	958
Guangzhou Jodo Information and Technology Co., Ltd.	3	339
G-bits Group	1,057	–
Total	12,480	13,615

The above balances with related parties were mainly denominated in RMB. They were unsecured, trade in nature, non-interest bearing and repayable on demand.



35. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Year end balances with related parties (continued)

(iii) Prepayments to related parties

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Prepayments for sharing of proceeds and game licenses		
Chengdu Xingqiwan Technology Co. Ltd. and its subsidiary	26,481	29,506
Beijing Zhijianlvdong network Technology Co., Ltd.	1,044	886
Shanghai Tuxian Network Technology Co., Ltd.	3,190	–
	30,715	30,392

The above balances with related parties were mainly denominated in RMB. They were unsecured, trade in nature and non-interest bearing.



35. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Year end balances with related parties (continued)

(iv) Other receivables from related parties

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Non-trade		
Rental and other deposits (1)		
G-bits Group	223	223
Amounts due from related parties (2)		
Chengdu Lemai Interactive Technology Co., Ltd.	—	30
	223	253

- (1) According to the leasing agreement, the rental deposits will be repaid by G-bits upon expiry of the leasing agreement.
- (2) The amount due from Chengdu Lemai Interactive Technology Co., Ltd. was unsecure, non-trade nature, non-interest bearing and repayable on demand.



35. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management compensation

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
Wages, salaries and bonuses	10,171	11,142
Post-employment benefits	428	419
	10,599	11,561

36. CONTINGENCIES

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

37. SUBSEQUENT EVENTS

There were no material subsequent events occurred during the period from 31 December 2025 to the approval date of these consolidated financial statements by the Board of Directors on 26 March 2026.



38. FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Financial position of the Company

	As at 31 December,	
	2025 RMB\$'000	2024 RMB\$'000
ASSETS		
Non-current assets		
Investment in subsidiaries	3,664,066	3,747,264
	3,664,066	3,747,264
Current assets		
Prepayments and other assets	739,288	772,342
Short-term investments measured at fair value through profit or loss	660,710	665,918
Cash and cash equivalents	19,313	16,136
	1,419,311	1,454,396
Total assets	5,083,377	5,201,660
EQUITY		
Share capital	44	44
Share premium	5,117,821	5,117,821
Other reserves	462,566	572,619
Accumulated losses	(735,168)	(730,013)
Total equity	4,845,263	4,960,471
LIABILITIES		
Current liabilities		
Other payables and accruals	238,114	241,189
Total liabilities	238,114	241,189
Total equity and liabilities	5,083,377	5,201,660

The balance sheet of the Company was approved by the Board of Directors on 26 March 2026 and was signed on its behalf.

Huang Zhiqiang
Director

Liu Siming
Director



38. FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Other reserves RMB\$'000	Accumulated losses RMB\$'000
As at 1 January, 2024	499,650	(724,905)
Loss for the year	–	(5,108)
Currency translation differences	72,969	–
As at 31 December 2024	572,619	(730,013)
As at 1 January, 2025	572,619	(730,013)
Loss for the year	–	(5,155)
Currency translation differences	(110,053)	–
As at 31 December 2025	462,566	(735,168)

39. SUMMARY OF OTHER ACCOUNTING POLICIES

39.1. Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.



39. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

39.2. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors of the Company.

39.3. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial information 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 currencies of the Company and its subsidiaries outside mainland China are mainly USD, while the functional currencies of the Company's subsidiaries in the mainland China are RMB. As the major operations of the Group during the reporting period are within the mainland China, the Group determined to present its Financial Information in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in consolidated statements of comprehensive income on a net basis within "Other losses, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in consolidated statements of comprehensive income as part of the "Fair value changes on investments measured at fair value through profit or loss".



39. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

39.3. Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognized in other comprehensive income.

The translation differences arising from translation to the Group's presentation currency of the Group's subsidiaries with the same functional currency as the Company is presented as part of items of other comprehensive income that will not be reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

39.4. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. All other repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred.



39. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

39.4. Property, plant and equipment (continued)

Depreciation on Property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Servers and other equipment 5 years
- Furniture and appliances 5 years
- Vehicles 5 years
- Leasehold improvements Estimated useful lives or remaining lease terms, whichever is shorter

Property, plant and equipment arising from business acquisition is depreciated over the remaining useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other (losses)/gains, net" in the statements of comprehensive income.

39.5. Intangible assets

Intangible assets mainly include game license, intangible assets are amortized over their estimated useful lives using the straight-line method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.



39. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

39.6. Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 3.3.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. As the derivative financial instruments do not qualify for hedge accounting treatment, the resulting gain or loss is recognized in profit or loss immediately.

39.7. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

39.8. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of comprehensive loss as finance costs.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting period.



39. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

39.9. Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

39.10. Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, deposits held by financial institutions and other short-term highly liquid investments with original maturities of three months or less.

39.11. Inventories

Inventories are mainly merchandise and are stated at the lower of cost and net realizable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventories are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

39.12. 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.

39.13. Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.



39. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

39.14. Employee benefits

(i) Pension and social obligations

The Group companies operate various defined contribution plan in accordance with the local conditions and practices in which they operate. Defined contribution plans are pensions and the other social benefit plans under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as labor costs when they are due.

(ii) Employees leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(iii) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.



39. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

39.14. Employee benefits (continued)

(iv) Share-based payment

The Group receives services from employees, directors who has contributed or will contribute to the Group as consideration for equity instruments of the Group. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense in the consolidated statements of comprehensive income with a corresponding increase in equity.

In terms of the shares, the total amount to be expensed is determined by reference to the fair value of equity instruments granted:

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions; and
- Including the impact of any non-vesting conditions.

Non-marketing performance and service conditions are included in calculation of the number of options that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

When the share options are exercised, the Company issues new ordinary shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.



39. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

39.15. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

39.16. Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Interest income from term deposits is included in "Interest income".

39.17. Government subsidies

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

Government subsidies relating to costs are recognized in the consolidated statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.



39. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

39.18. Leases

The Group leases offices properties, land and buildings, and servers and other equipment as lessee. Rental contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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 profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each 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.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising the following:

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



39. SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

39.18. Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease, if that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in consolidated statements of comprehensive income. Short-term leases are leases with a lease term of 12 months or less and leases with a remaining term of 12 months or less as at the date of initial adoption of HKFRS 16.

The right-of-use assets and the lease liabilities are present separately on the consolidated statement of financial position.

The Group applied the practical expedient by electing not to separate the non-lease components, such as maintenance services provided by the landlord from lease components for the property rental contracts, and instead account for each lease component and any associated non-lease components as a single lease component.

39.19. Dividends distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.



Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	456,077	627,962	905,737	630,367	1,105,816
Gross profit	261,287	363,115	557,876	422,087	812,599
Operating profit/(loss)	125,868	42,392	(26,966)	86,588	337,150
Profit/(loss) before income tax	131,506	47,026	(24,965)	78,535	(401,265)
Income tax (expenses)/credit	(8,167)	102	(12,635)	(32,879)	32,627
Profit/(loss) for the year	123,339	47,128	(37,600)	45,656	(368,638)
Profit/(loss) attributable to equity holders of the Company	121,749	51,120	(37,371)	50,283	(367,231)
Earnings/(loss) per share attributable to equity holders of the Company Basic and diluted (RMB)	0.18	0.07	(0.05)	0.07	(0.96)

CONDENSED CONSOLIDATED BALANCE SHEET

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets	244,741	294,191	318,422	302,793	253,020
Current assets	1,806,686	1,686,862	1,680,406	1,613,609	1,615,883
Total assets	2,051,427	1,981,053	1,998,828	1,916,402	1,868,903
Non-current liabilities	1,824	8,715	35,167	16,596	22,735
Current liabilities	149,545	165,517	220,801	140,906	199,833
Total liabilities	151,369	174,232	255,968	157,502	222,568
Net assets	1,900,058	1,806,821	1,742,860	1,758,900	1,646,335



Definitions

In this annual report, the following expressions have the meanings set out below unless the context requires otherwise.

“2025 AGM”	the forthcoming annual general meeting of the Company to be held on June 9, 2026 or any adjournment thereof
“A-share stocks”	RMB-denominated stocks of companies incorporated in Mainland China trading on China’s stock exchanges
“Alibaba”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ordinary shares of which are listed on the Main Board of the Stock Exchange with the stock code: 9988 and its American Depositary Shares (each representing eight ordinary shares) are listed for trading on the New York Stock Exchange under the symbol “BABA”
“Alibaba Lingxi”	Guangzhou Lingxi Interactive Entertainment Limited (廣州靈犀互動娛樂有限公司), a company incorporated under the laws of the PRC with limited liability
“Alibaba Qookka”	Qookka Entertainment Limited (formerly known as Ejoy.com Limited), a company incorporated in Hong Kong with limited liability on February 28, 2012
“ARPPU”	average revenue per month per paying user, which is calculated by (i) dividing our revenue from a game for a specified period by the total MPUs of such game for that period; or (ii) dividing our total game revenue for a specified period by the aggregate of the total MPUs of all of our games for that period, as applicable
“ARPU”	average revenue per user
“Audit Committee”	the audit committee of the Board
“Average MAUs”	calculated by dividing (i) the total MAUs of a game, or (ii) the aggregate of the total MAUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of average MAUs did not consider each game’s data before its official launch
“Average MPUs”	calculated by dividing (i) the MPUs of a game, or (ii) the aggregate of the total MPUs of all of our games, as applicable, for a specified period by the number of months of that period. Our calculations of average MPUs did not consider each game’s data before its official launch
“Board” or “Board of Directors”	the board of Directors of the Company



"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"CMGE"	CMGE Technology Group Limited, an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (stock code: 0302)
"Company"	Qingci Games Inc. (青瓷游戏有限公司), an exempted company incorporated in the Cayman Islands with limited liability on March 12, 2021 and whose Shares are listed on the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Financial Statements"	the audited consolidated financial statements of the Group
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, WFOE, QC Digital and the Registered Shareholders
"Director(s)"	the director(s) of our Company
"G-bits"	G-bits Network Technology (Xiamen) Co., Ltd. (廈門吉比特網絡技術股份有限公司), a company incorporated in the PRC with limited liability on March 26, 2004 and is listed on the Shanghai Stock Exchange under the stock code: 603444, a substantial shareholder of the Company
"Global Offering"	has the meaning ascribed to it under the Prospectus
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time
"Guangxi Tencent"	Guangxi Tencent Venture Capital Co., Ltd. (廣西騰訊創業投資有限公司), a company incorporated in the PRC with limited liability
"HKD" or "HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK Kunpan"	Hongkong Kunpan Co., Limited (香港坤磐有限公司), a company incorporated in Hong Kong with limited liability on December 16, 2016, and an indirect wholly-owned subsidiary of G-bits
"HMT"	Hong Kong, Macao and Taiwan
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong stocks"	stocks trading on Hong Kong Exchanges and Clearing Limited



DEFINITIONS

“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with any Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
“JPY”	Japanese yen, the lawful currency of Japan
“Latest Practicable Date”	April 13, 2026, being the latest practicable date for ascertaining certain information for inclusion in this report
“Listing”	the listing of Shares on the Main Board of the Stock Exchange on December 16, 2021
“Listing Date”	December 16, 2021 being the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macao”	the Macao Special Administrative Region of the PRC
“Main Board”	the Main Board of the Stock Exchange
“MAU(s)”	monthly active user(s), which represents the number of active users during a specified calendar month
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“MPU(s)”	monthly paying user(s), which represents the number of paying players during a specified calendar month
“Nomination Committee”	the nomination committee of the Board
“PRC”, “China”, or “Mainland China”	the People’s Republic of China, excluding, for the purposes of this report, Hong Kong, Macao and Taiwan
“PRC Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely QC Digital and its respective subsidiaries
“Prospectus”	the prospectus issued by the Company on December 6, 2021 in connection with the Hong Kong public offering of the Shares
“QC Digital”	QC-Game Digital Technology (Xiamen) Co., Ltd.* (廈門青瓷數碼技術有限公司), a company incorporated in the PRC with limited liability on March 1, 2012



"R&D"	research and development
"Registered Shareholders"	G-bits, Xiamen Sealand, Wofan Qihang, Guangxi Tencent, Alibaba Lingxi, Shanghai Hode, Mr. Yang Xu, Mr. Huang Zhiqiang, Mr. Liu Siming, Mr. Zeng Xiangshuo, Mr. Wei Shumu, Mr. Ye Jiting and Mr. Lin Yiwei
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	twelve months from January 1, 2025 to December 31, 2025
"RMB"	Renminbi, the lawful currency of the PRC
"Rogue-like RPG"	a type of RPG, which allows players to explore and unlock new content by levels in various adventures that embed randomness and surprises through treasure hunt, map discovery and other unpredictable events. Players acquire a sense of excitement during such adventures and a sense of self-achievement as their game avatars grow through their efforts
"RPG"	the role-playing games
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Hode"	Shanghai Hode Information Technology Co., Ltd. (上海幻電信息科技有限公司), a company incorporated in the PRC with limited liability
"Shareholder(s)"	holder(s) of Share(s)
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US\$0.00001 each
"SLG"	the simulation games
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Taiwan"	Taiwan Province of the PRC
"treasury shares"	has the meaning ascribed to it under the Listing Rules
"USD" or "US\$"	United States Dollars, the lawful currency of the United States of America



DEFINITIONS

“US stocks”	stocks trading on the major stock exchanges in the United States of America
“WFOE”	QC Interactive Technology Co., Ltd.* (廈門青瓷互動科技有限公司), a wholly foreign-owned enterprise established in the PRC on May 17, 2021 by QC HK Limited, an indirect wholly-owned subsidiary of our Company
“Wofan Qihang”	Xiamen Wofanqihang Venture Capital Partnership (Limited Partnership)* (廈門蝸帆起航創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 11, 2020, a substantial shareholder of the Company
“Xiamen Sealand”	Xiamen Sealand Capital Nuts Venture Investment Partnership (Limited Partnership)* (廈門國海堅果創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on May 6, 2013, a shareholder of the Company

* For identification purpose only





青瓷游戏
QINGCI GAMES